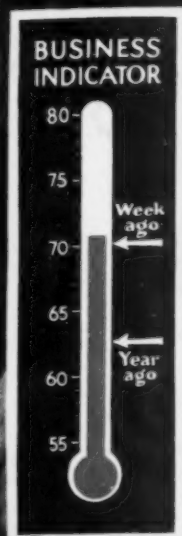


APRIL 18

1936

# BUSINESS WEEK



McGRAW-HILL  
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COMPANY, INC.

20 CENTS

Underwood & Lothrop  
WANT TO BUY A BALE?— Uncle Sam, pawnbroker for  
5 million of them held on loans, now wants the cotton  
redeemed by growers, will take the inevitable loss.

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GENERAL LIBRARY  
A. M. ARBOR MICH



## CLEANLINESS IS A GREAT SALESMAN

● Kitchen, cafeteria, and restaurant equipment that is inherently bright and spotless helps to build business.

Dairy machinery that is not affected by milk or milk products—and does not contaminate them under any conditions—is an invaluable asset.

Hospital equipment that is sanitary—and easily kept that way—is a tremendous aid in fighting infection—and building reputation. In these fields—and in scores of others—cleanliness is a great salesman.

And in many a situation where sales curves were lagging, Enduro, Republic's perfected stainless steel, has stepped in and is doing a remarkable job. Its cleanliness, its permanent luster,

its stainproof properties, its resistance to rust, corrosion, and most acids, have made it a metal of almost limitless uses.

Enduro, Toncan, electric weld pipe, and a whole family of special alloys, have helped to establish Republic's reputation for doing things well. But the ability to produce quality in quantity is also firmly established in Republic's production of plain carbon steels, tin plate, bars, shapes, sheets, strip, nuts, bolts, rivets, and scores of other related products.

Republic representatives, located in all principal cities, are more than salesmen. They are trained to help you in the profitable application of Republic products to your business. Call them.



### REPUBLIC STEEL CORPORATION

GENERAL OFFICES: REPUBLIC BUILDING, CLEVELAND, OHIO



*Republic has 45,000 employees. With their immediate families—not including necessary suppliers and professions—they would make a city of approximately 193,500 people—nearly the size of Dayton, O.—entirely dependent for support upon the activities of this one corporation.*

When writing Republic Steel Corporation for further information, please address Department BW.

# Washington Bulletin

WASHINGTON (*Business Week Bureau*)—Rigid federal regulation of all business—hours of employment, wages, working conditions, and new plant construction (to avoid overproduction)—is still on Roosevelt's agenda. It will remain objective no matter what future setbacks, like Supreme Court's NRA and AAA decisions, may follow. As *Business Week* has frequently pointed out, he just doesn't change — or give up. Baltimore speech reaffirms program without revealing whether tactics now contemplate change in Constitution or what. His Baltimore words: "Do something. If it works, do it some more, and if it does not work do something else" are just as applicable to permanent policy as to emergency actions.

## Ickes in the Woodpile

In anti-trust investigation of major oil companies, beginning May 4, federal grand jury will discover that trail leads back to practices approved over Justice Department protests by Lord High Oil Administrator Ickes under NIRA. Ickes' handling of oil administration has resulted in two resignations of officials in his investigation division. Glavis, ace investigator, on "sick leave," though worried chief persistently denies Glavis has quit.

## No Tax Postponement

Pin no hopes on recent rumor that social security tax collection may be postponed. Unemployment insurance tax, only one now effective, already has state cooperation affecting estimated 40% of workers covered by act, though only 11 states and District of Columbia are included. Administration will not penalize these by postponement.

## No Bitter Pill

Because of or in spite of New Deal pressure, tendency grows to simplify utility holding company structures. Many applications for approval of such moves have already been filed here. Others will come. Suspicion: Simplification benefits utility interests as much, maybe more, than public.

## What About Landis?

Wall Street doesn't know whether to cheer or groan at idea of Jim Landis quitting SEC. It is still not sure about him, but he has seemed kinder lately—perhaps because he's been educated. He's tough, but a new brain truster, fresh from Frankfurter-Tugwell laboratories, might be tougher and with sharp corners not rounded by administrative experience.

## BLUEJACKETS LAND

*Navy may save 'Quoddy, dress it up as naval base, and thus end criticism of "Roosevelt's Folly." It's two days closer to Europe than New York, one day closer than Boston. Tides provide economical drydock facilities, etc. In fact, write your own ticket.*

## Works Both Ways

House minority report on tax bill will scream for economies in government spending and for new tariff duties to stop Jap textiles, imports of farm products, etc. Democrats will be making gesture to support White House, Republicans to win anti-New Deal votes. Neither will affect real situation. Senate will rewrite bill, along lines already forecast.

## Packers in Jam

Little packers, as against big boys, are scared to death of windfall levy to recover processing taxes. Seems they not only didn't pay tax, but spent the money, whereas big ones first tied it up, now have it earmarked. Little fellows say it will ruin them, leave whole packing field to big concerns.

## Double-Barreled Demand

President hits hard for shorter hours, insisting industry must employ more people—to lighten relief burden on federal government — and must also go limit in using labor-saving machinery to keep cost to consumers down.

## Harbor for Pork Hunters

Buildup of omnibus river and harbor bill in Senate committee continues as Army engineers approve 200 more flood control projects totaling \$85,000,000. Inclusion of these would raise total authorized to \$400,000,000, with more to come as Senators fight for local pork.

## Like It or Not

Robert Lincoln O'Brien's proposal that Republicans endorse reciprocal treaties as platform plank rouses

great enthusiasm among Democrats, who recall O'Brien was once secretary to Grover Cleveland, all-time champion antagonist of protective tariffs. Impossible as proposal may be, Republicans have little choice other than string along with policy of Democrats who will control Senate until 1940 at least.

## Line Forms at Right

Critics who allege TVA has no market for power were sat on by Chairman Morgan who says it will be three years before "incidental power" from TVA dams is sufficient to supply Cincinnati. Tennessee Valley consumers come first.

## Ready for Loan Flood

RFC is set to rush rehabilitation loans in disaster areas as soon as liberalization bill gets approval. New offices for Springfield, Mass.; Hartford, Conn.; Atlanta, Ga.; Tupelo, Miss.; possibly Pittsburgh. Collateral requirements still unsettled. Congress suggests leniency, but requires reasonable assurance of repayment. How reasonable?

## Commodity Control

Law regulating grain exchanges will probably pass, most controversial points having been smoothed out. Regulation of cotton exchanges will probably be included, but as amendment to Smith-Lever act, thus placing regulation in different hands.

## Age of Specialization

Switching of automobile industry from United States Chamber of Commerce to National Association of Manufacturers is important as indication of auto men's determination to play only in their own back yard—to concentrate fire on obstructions, political and otherwise, hindering manufacturing, rather than to carry load for bankers, railroads, and other business lines under Chamber's big tent.

## No Private Utility Loans

Norris bill placing REA on 10-year basis, approved by both houses, won't linger long in conference. Principal difference: Shall private power companies be eligible for loans? Since, under present setup, they are, but don't use privilege, provision will probably be ditched. Especially as Papa Norris doesn't like it.

## Fair and Warmer

Long-distance weather forecasting will receive big boost in near future. Dr. C. G. Abbott, Smithsonian secretary, has new theory. Government may go into subject in big way and business may benefit.





## There is Satisfaction in having the Best



THE executive who plans to invest in a new mill, office building, or other construction can buy the steelwork in many different quarters.

But there is a satisfaction in dealing with the leader in the field.

Bethlehem is the largest steel construction company in the world.

Our engineers have built the locks of the Panama Canal, silk mills in India, cotton mills in the South, the bridges on the Pulaski Skyway. We are the builders of the towers and main span of the Golden Gate Bridge.

This recognition accorded to Bethlehem by the buyers of many major structures throughout the world is evidence of an experience and a responsibility which spell satisfaction to the customer.

*Each industry has its own specialized steel structure requirements, vital for the success of the enterprise. This radio mast at Station WCAE, Pittsburgh, photographed at an unusual angle, is one of many built by Bethlehem Steel Company for this new industry.*

# BETHLEHEM STEEL COMPANY





# BUSINESS WEEK'S INDEX OF BUSINESS ACTIVITY



## BUSINESS WEEK INDEX

### PRODUCTION

|   | Latest Week | Preceding Week | Month Ago | Year Ago | Average 1931-35 |
|---|-------------|----------------|-----------|----------|-----------------|
| * Steel Ingot Operation (% of capacity)                                     | 67.9        | 64.5           | 60.0      | 44.0     | 37.1            |
| * Building Contracts (F. W. Dodge, daily average in thousands, 4-wk. basis) | \$7,626     | \$7,380        | \$6,170   | \$4,705  | \$6,352         |
| * Bituminous Coal (daily average, 1,000 tons)                               | *1,225      | 1,050          | 1,450     | 727      | 987             |
| * Electric Power (million kw.-hr.)  | 1,934       | 1,916          | 1,901     | 1,725    | 1,576           |

### TRADE

|  |         |         |         |         |         |
|--|---------|---------|---------|---------|---------|
| Total Carloadings (daily average, 1,000 cars)                      | 102     | 100     | 106     | 91      | 96      |
| * Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars) | 72      | 70      | 68      | 67      | 67      |
| * Check payments (outside N. Y. City, millions)                    | \$4,060 | \$4,814 | \$3,657 | \$3,144 | \$3,487 |
| * Money in Circulation (daily average, millions)                   | \$5,916 | \$5,894 | \$5,859 | \$5,506 | \$5,396 |

### PRICES (Average for the Week)

|  |         |         |         |         |         |
|--|---------|---------|---------|---------|---------|
| Wheat (No. 2, hard winter, Kansas City, bu.)         | \$ .99  | \$1.02  | \$1.09  | \$1.01  | \$ .72  |
| Cotton (middling, New York, lb.)                     | 11.73¢  | 11.64¢  | 11.42¢  | 11.88¢  | 9.38¢   |
| Iron and Steel (Steel composite, ton)                | \$33.11 | \$33.13 | \$33.04 | \$32.27 | \$30.83 |
| Copper (electrolytic, Connecticut Valley basis, lb.) | 9.333¢  | 9.250¢  | 9.250¢  | 9.000¢  | 7.675¢  |
| All Commodities (Fisher's Index, 1926 = 100)         | 62.5    | 62.5    | 62.4    | 61.7    | 69.8    |

### FINANCE

|  |          |          |          |          |          |
|--|----------|----------|----------|----------|----------|
| Total Federal Reserve Credit Outstanding (daily average, millions)     | \$2,485  | \$2,480  | \$2,480  | \$2,467  | \$2,022  |
| Total Loans and Investments, Fed. Res. rep't'g member banks (millions) | \$21,731 | \$21,621 | \$21,326 | \$19,822 | \$19,407 |
| * Commercial Loans, Federal Reserve reporting member banks (millions)  | \$5,074  | \$5,079  | \$4,941  | \$4,970  | \$5,956  |
| Security Loans, Federal Reserve reporting member banks (millions)      | \$3,295  | \$3,313  | \$3,331  | \$3,095  | \$4,603  |
| Brokers' Loans, Federal Reserve reporting member banks (millions)      | \$1,197  | \$1,210  | \$1,264  | \$923    | \$1,040  |
| Stock Prices (average 100 stocks, Herald-Tribune)                      | \$119.78 | \$119.86 | \$117.53 | \$96.93  | \$99.75  |
| Bond Prices (Dow, Jones, average 40 bonds)                             | \$102.34 | \$102.25 | \$101.96 | \$94.85  | \$86.64  |
| Interest Rates—Call Loans (daily av'ge, renewal) N. Y. Stock Exchange  | 2 1/2%   | 2 1/2%   | 2 1/2%   | 1 1/2%   | 1 1/2%   |
| Interest Rates—Prime Commercial Paper (4-6 months) N. Y. City          | 2 1/2%   | 2 1/2%   | 2 1/2%   | 2 1/2%   | 2 1/2%   |
| Business Failures (Dun and Bradstreet, number)                         | 215      | 221      | 222      | 271      | 418      |

\* Factor in Business Week Index \*Preliminary †Revised.

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*Business Week*

# From New Departure will come the next great development in anti-friction bearings

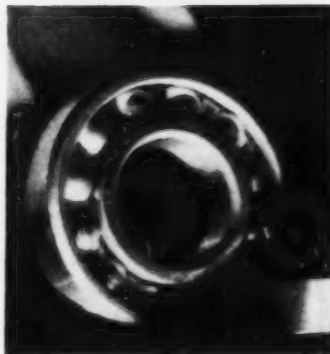
*It has always been so!*



**N**EW DEPARTURE uses steels, made from its own metallurgists' formulas and under their personal direction. These are the finest steels in the world...but New Departure continues to search for possible improvements in ball bearing steel.

New Departure machines and heat treats its pedigreed steel by precision control methods which are world famous...but New Departure unceasingly seeks further perfection in precision manufacturing.

New Departure is the world's greatest maker of ball bearings. New Departure engineers realize that this leadership imposes on them a special obligation. They must be *masters of the whole ball bearing art*. They must know as much about the use of ball bearings as they do about making



them. Hence New Departure engineers study ball bearings from the user's point of view...as his requirements are today, and as they will be in the future.

From New Departure will come the next development in anti-friction bearings. The New Departure Manufacturing Company, Bristol, Conn. Engineering staffs also at Chicago, Detroit, San Francisco and London.



*New Departure creative engineering will be reflected in the bearings of the future*

**LET'S TALK SHOP:** Machine designers at hundreds of plants welcome New Departure engineers to personal conferences. When these *creative* engineers "talk shop", they do so in terms of workable, money-saving, engineering ideas. The advice of New Departure engineers is available to all manufacturers interested in anti-friction bearings.

**Also makers of TRANSITORQ**  
*A million speeds at the touch of a finger*

*Nothing Rolls like a Ball*  *No Other Form so Strong*

## **NEW DEPARTURE BALL BEARINGS**

**PEDIGREED MATERIALS • CREATIVE ENGINEERING • PRECISION MANUFACTURING**

# The Business Outlook

WEATHER conditions, which were a retarding influence in the first quarter, should prove a stimulus in the present one. The open road is luring motorists out for a spin. Gasoline dispensers, whose stocks are at peak levels, look on approvingly, hoping that trade estimates of a 6% increase in gasoline consumption during the second quarter may prove too moderate. Motor sales in the past three months have exceeded the fondest expectations of Detroit, and the best-selling months still lie ahead. Production schedules are rising, and the outlook for May and June production has brightened considerably. Moreover, the open season for road construction and other outdoor projects is at hand, and much work that was held up by floods in March is now being released.

## Good Easter Trade

Reports on Easter trade are almost all favorable, though there was bad weather in many sections. Some cities reported the best volume since 1929, but the chances are that department store trade as a whole for April will not surpass the 1931 level.

## 9% Gains

In the first quarter, 508 stores in 243 cities reported sales 9% ahead of the same period of 1935. There were gains of more than 10% in the Boston, Philadelphia, Richmond, Atlanta, Dallas, and San Francisco districts. The labor dispute on the Pacific Coast waterfront is now clouding the otherwise satisfactory outlook there.

## Rural Sales Up

Rural retail sales in the first quarter of 1936 were the best since 1930, but the gain over last year was only 7½%, despite the unusual spurt in March volume over February. Variety store sales were only 1% ahead of last year during the first quarter.

## Construction Rises Fast

Most encouraging to those who view the still huge volume of unemployment with dismay, despite the improvement in the manufacturing industries, is the rapid expansion of construction.

## Up 83%

The first-quarter returns from 37 states, based on F. W. Dodge reports, put construction above the half-billion dollar mark for the first time since the comparable quarter of 1931, and 83% above a year ago. In 1925-1928, such a volume was an average month's business.

## Gain in Residential

Residential contracts last month were the highest for any month since

## UP GOES ADVERTISING

*Publishers are gratified by the new acceleration in advertising. The total newspaper lineage in 52 cities increased almost 7% in the first quarter, compared with the same months of 1935, and magazine revenues increased 13%, while chain broadcasting was held to a scant 4%.*

October, 1931, but still less than a fifth of the volume common in the 1925-1928 days. The first-quarter volume of \$123,885,600 was 75% ahead of a year ago, the best first quarter since 1932.

## And in Non-Residential

Non-residential building was the most important division of construction contracts in the first three months this year, running up a volume of \$234,551,000, a 118% gain over 1935. Public works and utility awards of \$187,434,700 were 60% ahead of a year ago.

## Modernization Credits

The Federal Housing Administration's new regulations on modernization credits, whereby such items as refrigerators, washing machines, ironers, and other movable equipment were made ineligible for insurance, have stirred activity in several quarters for some substitute arrangement that would continue the stimulus to business provided by FHA insurance. In New York, discussions are under way between the National City Bank, Consolidated Edison, and electric refrigerator dealers to facilitate credit extensions.

## Cheerful Steel Industry

Steel's bulge to 68% of capacity makes the industry more cheerful than it was a few months back. The motor industry's pressure for steel for May assemblies, added to the sustained buying from railroad, farm implement, refrigerator, household appliances, and other miscellaneous lines, is making steel executives think the May and June operations may

hold up better than normal for the season. Republic's chairman predicts 60% operations for his company right through the second quarter.

## Freight Car Awards

Railroad freight car awards in March dropped to 632 from the high totals of the first two months, but orders now coming through suggest that April will show a good pick-up. Erie has ordered 800 cars this month. Missouri Pacific is taking bids on 2,000; Chesapeake and Ohio may inquire for more than 5,000. New York Central has bought seven diesel-electric locomotives.

## Big Automobile Gains

March sales of passenger cars are now estimated at around 300,000, the best for any March except 1929. Truck sales last month are estimated at 52,000, an all-time high for the month, and surpassed by only four months in history. The first-quarter production of cars and trucks for the industry as a whole is estimated at 1% ahead of last year.

## First-Quarter Earnings

First-quarter earnings of 1936 are just coming to light. The first 25 companies tabulated by *Business Week* had net profits of \$11,927,865, a 3.4% gain over the same period of 1935. Second-quarter prospects are even better.

## Aviation Changes Ink

The aviation industry is now getting over on the black side of the ledger after a year of extraordinary increases in passenger and freight traffic. This year promises to continue these gains. Bigger planes, unified freight, scrip books which reduce mileage costs, new cheap air insurance for commercial travelers, and general business improvement are counted on to clinch matters.

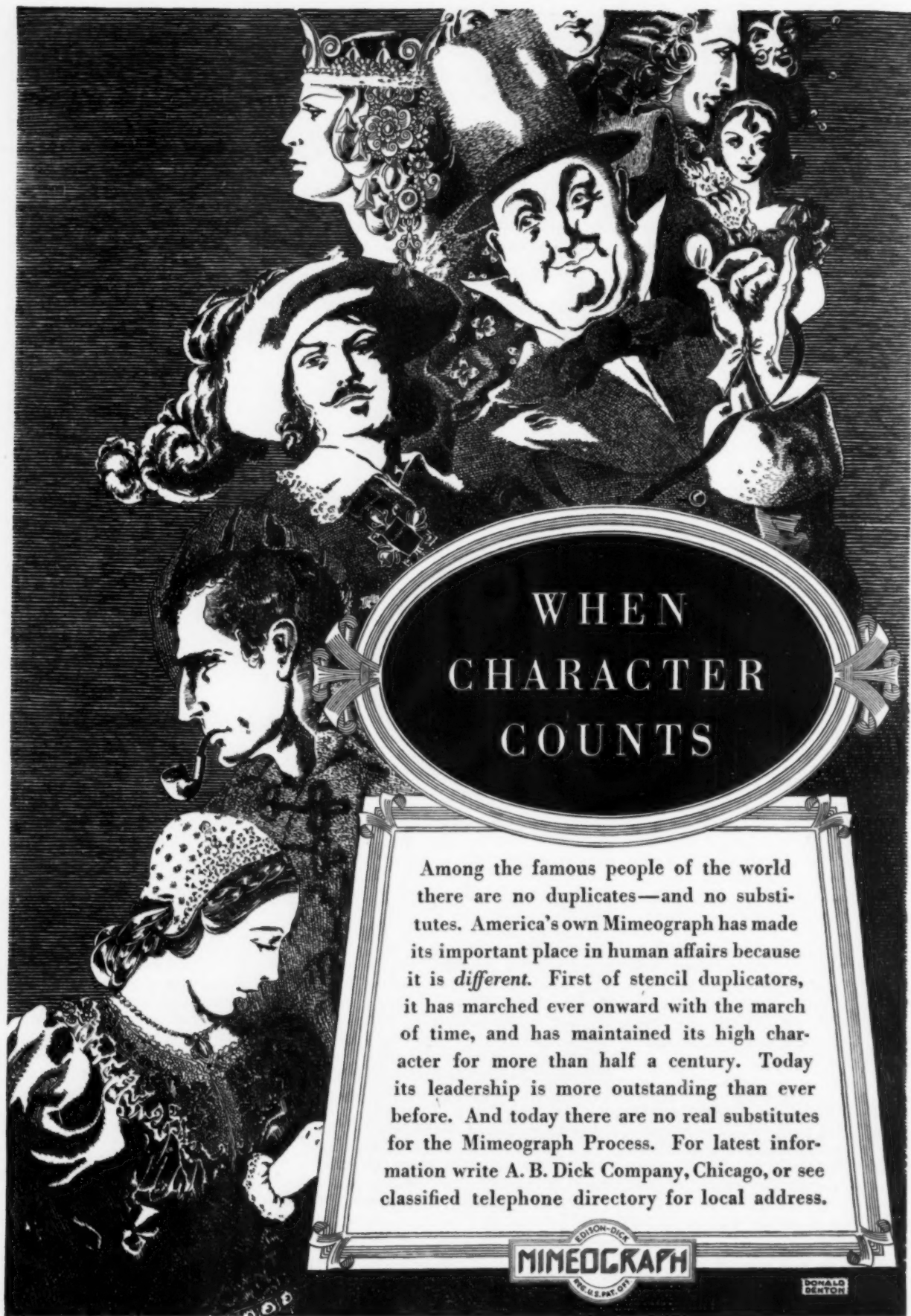
## Chemical Prices

The chemical industry regularly shares the fate of a wide variety of industries, ranging from textiles, to paint, paper, construction, tires, motor, and agriculture. When they improve, chemicals improve. Prices have been generally firm, except in solvents and phosphates, where price pressure in recent months has depressed the general average.

## Copper Goes Up

As predicted on this page, copper advanced to 9½¢. Buyers, rushing to cover several months' requirements under the old price, brought the market one of the most active weeks it ever had. In the first two weeks of April, more copper was sold than in the entire first quarter.





## WHEN CHARACTER COUNTS

Among the famous people of the world there are no duplicates—and no substitutes. America's own Mimeograph has made its important place in human affairs because it is *different*. First of stencil duplicators, it has marched ever onward with the march of time, and has maintained its high character for more than half a century. Today its leadership is more outstanding than ever before. And today there are no real substitutes for the Mimeograph Process. For latest information write A. B. Dick Company, Chicago, or see classified telephone directory for local address.

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**MIMEOGRAPH**  
REG. U.S. PAT. OFF.

DONALD  
DENTON

APRIL 18, 1936

## A.M.A. Walkout

**Powerful organization of automobile makers leaves U. S. Chamber of Commerce for National Association of Manufacturers because latter's interest is undivided.**

THE Automobile Manufacturers Association has "taken a walk" from the ranks of the Chamber of Commerce of the United States. Loss of this powerful organization (one of the original members of the Chamber) was announced Tuesday. The defection is an unwelcome curtain-raiser for the U. S. Chamber's 24th annual convention which will be held in Washington, Apr. 27-30.

A.M.A. explained its action with the observation that the Chamber was not representative of manufacturers, that A.M.A.'s interests lay with an organization specializing in this field, and added the information that it had gone over to the National Association of Manufacturers. Alfred Reeves, vice-president and general manager of the Automobile Manufacturers, says that the association joined forces with the

N.A.M. for the sole reason that its interests were undivided.

But it is known that the open break came after a great deal of under-surface friction. Alfred P. Sloan, Jr., General Motors head, criticized in his last annual report the "deadening hand" of Interstate Commerce Commission regulation on motor carriers. He said it would destroy flexibility and "throttle efficiency."

Here was the real rub. An innate difficulty of the U.S. Chamber's setup is inclusion among its members of violently competitive interests. Railroads and motor vehicles, for instance. In the fight for truck regulation the railroads had powerful allies in holders of their securities including banks and insurance companies. Last year's convention of the Chamber adopted a resolution calling for "federal regulation of all forms of interstate transportation." Charges were made at the time that the committee which prepared this declaration was biased. Enactment of the federal Motor Carrier Act followed.

### Keep Company Memberships

The automobile manufacturers accept bus and truck regulation, now that it is an accomplished fact, but the bad blood engendered by the fight within the Chamber has persisted. However, the

individual automobile companies, also bus and truck associations, retain their membership in the U.S. Chamber.

Inevitably the A.M.A. walkout raises political speculations. The U. S. Chamber is anti-Roosevelt. Even to those who agree with its stand, some of its attacks have seemed hardly adroit. In its referendum on New Deal legislation (*BW*—Nov 30 '35, p10) nobody was surprised when the vote went 98% against the Administration. The charge was made that the Chamber's questions were so framed that no other result was possible. Some local chambers (principally in parts of the Democratic South that were enjoying Mr. Roosevelt's largesse) resigned from the U.S. Chamber in protest. (Incidentally, the weight of small and local business in the Chamber's deliberations has, at times, raised questions for manufacturers doing a national business and forced to think in terms of wide interests.)

### Automobile Men Are Realists

While the automobile makers may object to the Roosevelt philosophy, they are enjoying a perfectly grand business with prospects of a record season. Also political advisers suggest that, like it or not, the chances are for four more years of Roosevelt.

The U.S. Chamber can't keep out of politics. Its big marble office-building-monument in Washington looks right across at the nice white residence where Mr. Roosevelt lives. The organization was formed to "interpret" business opinion to Washington. In opposing New Dealism, the Chamber has taken

*International*



*Underwood & Underwood*

**WAYS PART**—Harper Sibley (above), head of the Chamber of Commerce of the U. S., will note a gap in the ranks when the Chamber opens its annual convention Apr. 27. The Automobile Manufacturers Association, headed by Alvan Macauley of Packard (right, with Alfred P. Sloan, Jr., of G.M. at his left), has withdrawn.



the only stand it could, considering the forces which dominate it. Whether it could have delivered its blows more shrewdly is a matter for argument.

There was a time when the National Association of Manufacturers was not famed for walking on eggs. But the N.A.M. has undergone a salubrious reorganization and revitalization. Currently it is playing its cards very close to its chest. The A.M.A. is "not in politics" either.

Technically, the automobile manufacturers have not "joined" the National Association of Manufacturers. They have become affiliated with the National Industrial Council, an organization of trade groups sponsored by the N.A.M. Membership in the N.A.M. proper is confined to individual companies.

The U.S. Chamber is making intensive efforts to induce the automobile association to return to the fold. It would like to celebrate the reconciliation before its convention opens. While the automobile makers may ultimately return, it is improbable (since they de-

liberately brought themselves to a definite break) that any early reversal will be made.

Harper Sibley, personal friend of Mr. Roosevelt but president of the U.S. Chamber, will open the first general session of that organization's convention on Apr. 28 with an address on "Principles of American Enterprise." It is expected to be a challenge to what many at the meeting will call the Administration's un-American principles of socialization. In the ostentatious absence of President Roosevelt, Daniel C. Roper, Secretary of Commerce, will talk on employment and production. He has the difficult task of backing his commander's demand for industrial reemployment and waving a somewhat battered olive branch toward business.

The Chamber's opinion on current economic and political issues will be redefined in the resolutions to be adopted at the final general session. Knowing the mood of the organization this year, Washington expects another salvo against political meddling.

and lifting characteristics, (2) on the carburetor air intake and shuts off the air, (3) on the radio antenna and makes communication weak, and (4) on the propellers and reduces power.

The B. F. Goodrich Co. has developed a rubber de-icer for the leading edge of the wing. When inflated, the de-icer cracks the ice and drops it off.

The government is working on devices to prevent ice forming on the carburetor by feeding alcohol and glycerine to the point of trouble.

Some transports are using a "slinger ring" on the propeller that throws alcohol and glycerine and prevents ice or arrests its accumulation.

### "Shoes" for Antennae

Transcontinental and Western Air Lines have devised a rubber shoe that rides the antenna wires and knocks ice off. It is used principally on mail planes that fly through any weather.

However, the transports play safe by avoiding ice hazards. Information flows in constantly from landing fields and other pilots in the air; the ship flies under, over, or around the danger spots. But if ice does come it comes quickly, and once it gets hold, the plane loses lift so fast that it must seek an emergency landing field. This seldom happens, and when it does there is usually little danger, because these landing fields are strung at frequent intervals along the airways.

There have been very few accidents in landing icy transports. T.W.A. has one vice-president, D. W. ("Tommy") Tomlinson, who is devoting most of his time to ice-hunting in the air. He takes ships up, collects ice, and sees what happens. It is practical research for safety. Other lines are working on the problem too.

The fog hazard is more frequent and

## How Safe Is Air Travel?

**Transport records, showing steadily reduced fatality risks, and mechanical improvements supply the answer, help to relieve business doubts**

BUSINESS men are disturbed by air transport accidents. They are asking themselves if they have taken to flying too soon. How dangerous is it anyway? What causes these accidents? Are they risking their salesmen's lives by encouraging them to jump a plane to save time? And what about this talk that politics in the Department of Commerce is partly to blame?

Some of these questions can be answered definitely. Some cannot. As to the degree of hazard, here are the facts in terms of passengers carried and killed over the last eight years within the United States:

| Year     | Passengers Carried | Passenger-Miles Flown | Pas'g's Killed |
|----------|--------------------|-----------------------|----------------|
| 1928.... | 47,840             | 24,703,000            | 14             |
| 1929.... | 159,751            | 41,640,000            | 13             |
| 1930.... | 374,935            | 84,014,572            | 24             |
| 1931.... | 469,961            | 106,442,375           | 25             |
| 1932.... | 474,279            | 127,038,798           | 19             |
| 1933.... | 493,141            | 173,492,119           | 12             |
| 1934.... | 461,743            | 187,858,629           | 17             |
| 1935.... | 746,946            | 313,905,508           | 15             |

In 1928 and '29 the air transports flew 2,460,000 passenger miles per passenger death. Last year they flew 20,927,034 passenger miles per death. In eight years it has become nearly 10 times as safe in terms of passenger-miles, and more than 15 times as safe in terms of passengers carried. That is a good record.

But there are still two hazards in air

travel today. Both are well understood. The federal government and all air lines have been studying them for years. And as the fatality records show, great progress has been made in improving technique and equipment for dealing with them. These hazards are ice and fog.

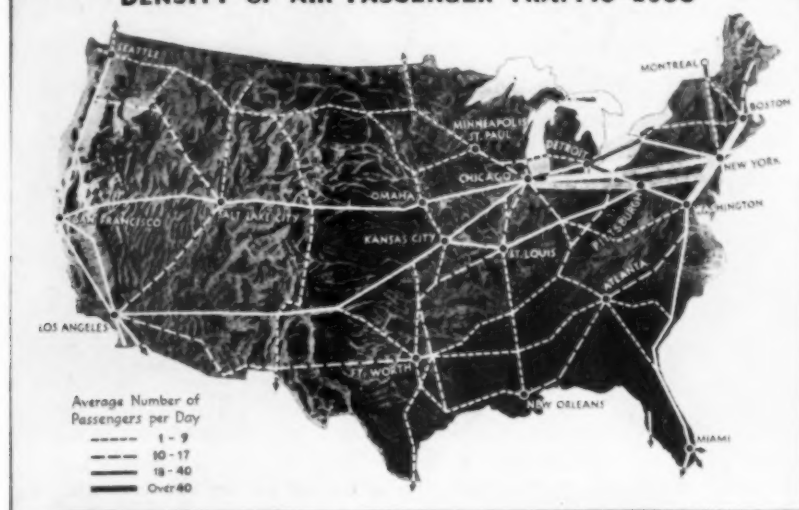
Ice makes trouble in four ways. It collects (1) on the lifting surfaces of the wings and changes their curvature



**PORTENTOUS PROTEST**—The House Ways and Means Committee, gathering opinions on pending tax proposals, got a definite answer from representatives of the Chamber of Commerce of the U. S. Testifying that the proposed taxes would hamper established business, arrest establishment of new business, weaken credit, and slow recovery, were (from left): Ellsworth C. Alvord, Fred H. Clausen, and Roy C. Osgood.



## DENSITY OF AIR PASSENGER TRAFFIC-1935



Aviation

more serious, as it involves blind flying and blind landing. But here again the technique has been developed to such a point that transports are flying and landing day after day without mishap. If the local ceiling is too low, they fly over to some other landing field. Or if the ceiling permits, they come down through the clouds, guided by radio until they get over the field.

When fog comes the pilot climbs up above it and follows the beam, which is a continuous stream of audible signals from the landing field to which he is flying. They indicate when the plane gets off the direct line.

But there are difficulties. Beams occasionally break up in going around a mountain, but the pilot understands this and makes allowances. If the antenna gets iced up, signals do not come in well. And if the radio on the ship goes wrong, the beam is no longer heard.

Altimeters also are not as dependable as one could wish. These are calibrated barometers, and show the distance above sea level. They are so sensitive that they will indicate height when carried in a building elevator. But they must be corrected for each landing field.

The pilot calls the field and gets the local air-pressure, and if the ground man makes a mistake, it will throw the pilot's calculation off. However, if the ceiling is as high as it should be when he is ordered in, he has plenty of room for a safe landing.

### Airmen Need Feelers

"Sonic" altimeters that reflect an echo from the ground have also been tried. But the ground comes up fast when a plane approaches a mountain. What the pilot needs is something that will feel ahead through the fog. It has not yet been devised. The altimeter weakness, however, is not normally serious. If the pilot can see the field, he

can land safely; and if he cannot see it, he should not land there.

It is, of course, the average man's unfamiliarity with the growth of air travel and the highly organized operation of the air transport companies that makes him jittery when he reads of a disaster. Also, he neglects to distinguish between transports and private planes that crash.

Since January, 1935, four transports have crashed in the United States:

1. March, 1935—Macon, Mo.; T.W.A.; killed: 9 passengers, 2 crew members.
2. October, 1935 — Cheyenne, Wyo.; United Air Lines; killed: 10 passengers, 3 crew members.
3. January, 1936 — Goodwin, Ark.;

American Air Lines; killed: 14 passengers, 3 crew members.

4.—April, 1936 — Uniontown, Pa.; T.W.A.; killed: 12 passengers, 5 crew members.

In the Uniontown wreck last week, the beam was known to be working just a few minutes previously. A Central Air Lines transport from Washington came in on it. Whether the wreck was caused by ice or by a defect in altimeter or beam, no one knows. Dead pilots tell no tales.

T.W.A. accuses the beam. But Pittsburgh has duplicate beams. One sends out the letters "A-N," which must be interrupted to receive other communications. The other sends the letters "A-I" and reaches the pilot continuously. Washington wanted to replace the old A-N beam with the new A-I signal, but T.W.A. objected, so both have been maintained. T.W.A. has long been critical of the Bureau. The last message from the plane spoke of weak signals; that sounds like antenna ice.

The cause of this and the other accidents cannot be proved. But business men who travel on these ships are demanding protection and looking to Washington to end all uncertainty.

The recent movie, "Ceiling Zero," has done much to disturb the public as to the safety of air travel. Air men say it is a gross exaggeration of the icing of air planes and does injustice to the operating standards of the transport lines. But friends of aviation hope that it will help bring clamor for action in Washington to spur the interrupted work that will make air travel safer.

## Politics in the Air

**Official rivalries at Washington put bumps in the course of commercial flying, hamper the technical development that leads to safer flying.**

WASHINGTON (*Business Week Bureau*) —When Senator Cutting was killed in the crash of the American Air Lines transport in Arkansas last January, Congress turned its searchlight on the Bureau of Air Commerce. There had been rumors that all was not well there. Killing a Senator brought action. And, following so close on the trouble over the Steamboat Inspection Service, it has put "Uncle Dan" Roper's Department of Commerce in an uneasy seat.

As a result of continued evidences of dissension between the chief men in authority, an investigation has commenced. Representative Mead of New York, chairman of the Post Office and Post Roads Committee, is holding hearings on the Mead-McKellar bill. He is investigating the advisability of transferring the Bureau of Air Commerce from the Department of Commerce to the Interstate Commerce Commission.

A Senate committee is also investigating recent air accidents.

The trouble all comes down to politics. The Aeronautics Branch, Department of Commerce, was established under the Air Commerce Act, approved May, 1926. President Hoover set up an organization and it worked as a unit. The service functioned first under Wm. C. McCracken, as assistant Secretary of Commerce for Aeronautics, then under Clarence Young. But as they say in the story books, that was an end of the good times.

President Roosevelt placed at the head of the "Bureau of Air Commerce" Eugene Y. Mitchell, a "before Chicago man," who wanted to be an ambassador. He was given five aids—take 'em or leave 'em. One was an executive assistant and four were assistant directors. Inevitable dissension began at once.

Mitchell did not belong there and

gradually faded out. John Geisse, one of the assistant directors, now heads the newly formed Development Section, and Edgerton, the executive assistant, is now in that section also. The other three remain but have never united into a working team.

Eugene L. Vidal now heads the bureau. He is a West Pointer, was once a partner of Amelia Earhart and made a name for himself by operating the Ludington Line between New York and Washington at a profit without mail contracts. He is a friend of Elliott Roosevelt. He made himself unpopular with the manufacturers by promoting the idea of a cheaper, safer plane for private use at \$700.

Major J. Carrol Cone, wartime army pilot, once Director of Aeronautics for Arkansas, and a friend of Senator Robinson, now manages the Bureau of Air Regulation, under Vidal. He polices air traffic, controls licenses, and so on. Critics say his field inspection service has been badly neglected, in so far as private planes and routine licensing are concerned, but air line inspection has been well maintained. He is reputed to have political aspirations and to be working for Vidal's job.

#### Airway Supervision Blamed

Rex Martin, wartime army pilot and former owner of a flying service, heads the Bureau of Air Navigation that keeps airways open and working. Under Vidal, he examines all beams and other aids to navigation. He has been criticized for putting lower candle-power bulbs in flashing beacons along the airways and for not continuing the development of blind landing, although he crashed and fractured his neck while doing it. A half-dozen devices for blind landing are now undergoing tests, however.

It has long been evident that there is friction between those three now in power. The clash centers between Vidal and Cone. Martin steers a careful course between, in position to step up when the blow-up comes. Meanwhile, the Bureau of Air Commerce is split into factions internally—the Vidal men and the Cone men, with a few Martin men on the fringe to make it interesting. Col. John W. Johnston, Assistant Secretary of Commerce, to whom the Bureau reports, is a strong administrator and has read the riot act. But he also administers four other bureaus and cannot keep his finger on all four. The dissension in Air Commerce continues.

All this has produced a pretty complete stalemate in the Bureau. Vidal's standing at the White House appears still unimpaired. Cone has enough backing from the Robinson faction to prevent action by Vidal. Martin is not without support. Each faction takes its troubles outside. They radiate to the White House, to the Senate and to the



**TIME OUT**—Back in early post-war days, Eugene Vidal was a smashing halfback for Army. For three years he's been carrying the ball for the Bureau of Air Commerce. Now Congress wonders if there hasn't been faulty teamwork there.

House. Everybody steps with caution. Loyalty is divided.

There are many competent individuals in the Bureau, men with their jobs at heart. They are doing constructive work to promote the safety of flying, transport and private. No particular individuals can be shown to be negligent. And although several air disasters have occurred in recent months, there is no evidence that the Bureau is directly responsible at any point.

The Republicans claim that air transport's main trouble is politics, that sponsors of many improved safety devices were of the wrong party and got no place. The Bureau blames depression appropriations which curtailed operations. Whatever the dirt in Washington, air transport people think it needs shoveling, and the traveling public agrees.

#### Lick City Ownership

**Advocates of municipal ownership of lighting plants beaten in Milwaukee and Sheboygan.**

Two Wisconsin cities last week voted whether they wanted to build municipal lighting plants. They were Milwaukee and Sheboygan. Both voted No.

The Milwaukee referendum was one of the most important efforts toward municipal ownership that have been made in years. The final count was 107,888 against and 80,296 in favor of a city plant.

The proposal was to buy the lighting system of the Milwaukee Electric Railway and Light Co. The fight against it was led by an Electricity Users Committee, Inc.

In Sheboygan, 1,345 voted in favor of a \$1,200,000 bond issue to put the city in the lighting business. But 7,469 voted against it.

#### Job Insurance Wins

**Highest New York court sustains state act. Way open for Supreme Court decision.**

SOCIAL security legislation gained its most important judicial victory this week, when the highest court in the largest state—the Court of Appeals of New York—handed down a 5-to-2 decision holding the state unemployment insurance act constitutional.

The court ruled simultaneously on two cases brought by employers, in one of which a lower court had held the act unconstitutional, while in another it had been sustained.

Now the way is clear for an appeal to the United States Supreme Court, which will probably decide late this year or early next. Meanwhile the New York Department of Labor expects to collect the payroll tax, beginning May 1. As none of this will be spent until Jan. 1, 1938, employers who pay the tax will not lose their money if the Supreme Court finally knocks the tax out.

#### Bonus and Vacation

CHRISTMAS is the usual season for bonus announcements. But the Allis-Chalmers Manufacturing Co. has come through with one in April. And a bonus is only part of the story.

The company's 2,000 office-workers and 8,000 shopworkers will get a bonus next Christmas equal to 3% of their earnings from Mar. 1 to Dec. 1. And this summer even the shopworkers will get vacations with pay. The vacations and bonus will cost the company about \$500,000.

Moreover the plan, announced by Pres. Max W. Babb, rescinds the depression cuts in the salaries of all office-workers in the lower brackets.

# Auto Outlook

**Booming business is expected to continue through summer, and next year may surpass 1936. Companies increase capacity and make engineering changes.**

ALTHOUGH spring is only a month old, automobile sales are reminiscent of those in the heyday of the '20's. Factories are operating at full capacity but are behind orders.

Thanks largely to Chevrolet, General Motors last month sold more cars than in any single month since 1928. Chevrolet, with retail deliveries of 126,119 units, set an all-time high in March, and smashed all first-quarter records for both new-car and used-car sales.

Pontiac dealers in March did the best month's business since July, 1929, and sold 35,367 used cars for a new record.

Packard's unfilled orders Apr. 1 were almost equal to the April production schedule of 8,000 cars, the highest in the company's history.

Buick, in the medium-priced class, has increased its current month's output to 18,602 cars, entered the month with 10,000 unfilled orders, and sold 15,057 cars to retail customers in March. Even the big, luxurious cars are coming back; there is a growing demand for custom Fleetwood bodies on Cadillacs.

## Independents Doing Well

Independent car manufacturers have held their own this year in their percentage of total sales (8.5% compared with the Big Three's 91.5%). Hudson sold 9,200 cars last month and has just closed its third best week in five years. Studebaker dealers delivered 21,229 cars in the first quarter, exceeding every other quarter since 1929.

Retail passenger car sales are about

21% above those of a year ago. With dealers putting the bee on factories, the assemblies this month may exceed the 501,812 units of last April.

Conservatively, April is figured at 475,000 units. May should be almost as good. The second-quarter output should run close to the 1,264,232 units built in the same quarter a year ago.

General Motors will make 928,000 in the first half; in the second quarter it expects to make 25,000 more than in the first quarter.

## Long Run Expected

Detroit thinks car production will hold up till midsummer, with most companies ending 1936 model runs between Aug. 1 and Aug. 15.

Sales executives expect large sales in summer. Veterans will be spending their bonus money. Washington will be pouring millions into the farm districts. Farmers will be getting cash for crops. Rehabilitation of flooded areas will be a boon to car sales, as shown by increased commitments from Pittsburgh.

The only deterrent to heavy production up into August might be the desire of certain manufacturers to "beat the gun" on 1937 models with early announcements.

Many companies today are all set for next year, with an O.K. on engineering changes. It's not likely they will let a juicy summer business slip by for the sake of being first in the field next fall. Anyway, the New York show isn't scheduled until Nov. 11.

Automobile companies are preparing for a bigger year next year than this. One company will have a line of sixes to supplement its eights. Two other companies are doubling the capacity of their plants for production of sixes. Large orders have been placed for machinery in connection with engine and parts changes. One company has bought over 100 gear-cutting machines.

## Engine Changes Planned

To attain increased efficiency and economy at higher speeds, important engine changes are to be made. Shifts appear likely in bearing materials. One company is putting lead-bronze bearings patterned after those in airplane engines into a limited number of cars, and may adopt them as standard for 1937.

Overdrive transmissions will be more widely adopted. The reduction of motor speeds accomplished at high driving speeds by use of the overdrive cuts down the load on bearings.

Cast-steel pistons, pioneered by Lincoln in its Zephyr, will be specified by at least two companies. Graham-Paige is now using a new type of aluminum piston, made by Bohn Aluminum, which incorporates a thermostat.

This piston can be fitted to closer limits than any aluminum piston yet made. It increases the horsepower and causes oil economies. It is being tested by two prominent car manufacturers.

At least one company is going over to cast-iron camshafts next year. Hypoid gears are coming into their own.

## Engines Still in Front

Rear-engine cars seem to be another year off. Body lines won't change radically, but the trend will be toward the Airflow and Zephyr types, with long, tapering tails. One company hopes to be able to build the Zephyr type of frameless body on a volume basis next year.

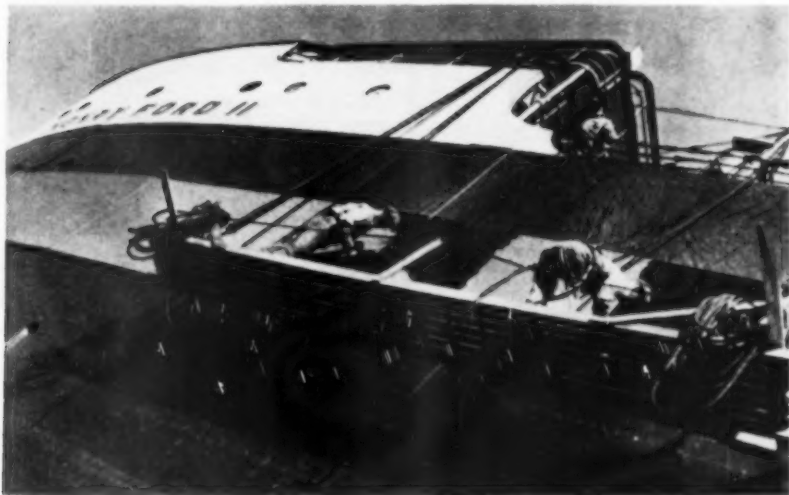
A leading worry of some companies is that the contemplated change in manufacturing technique, presumably in body construction, may take more than the traditional six weeks, perhaps delaying production and putting them at a competitive disadvantage.

Die shops of automobile companies are in full swing, some operating 24 hours a day. Detroit's jobbing shops are also beginning to get work; most of them expect to run at capacity during the next six months.

## Safety Strategy

**Automotive industry puts up money to support program of important associations.**

HIGHWAY safety has emerged from the realm of talk into a program of action along a wide front by a group of na-

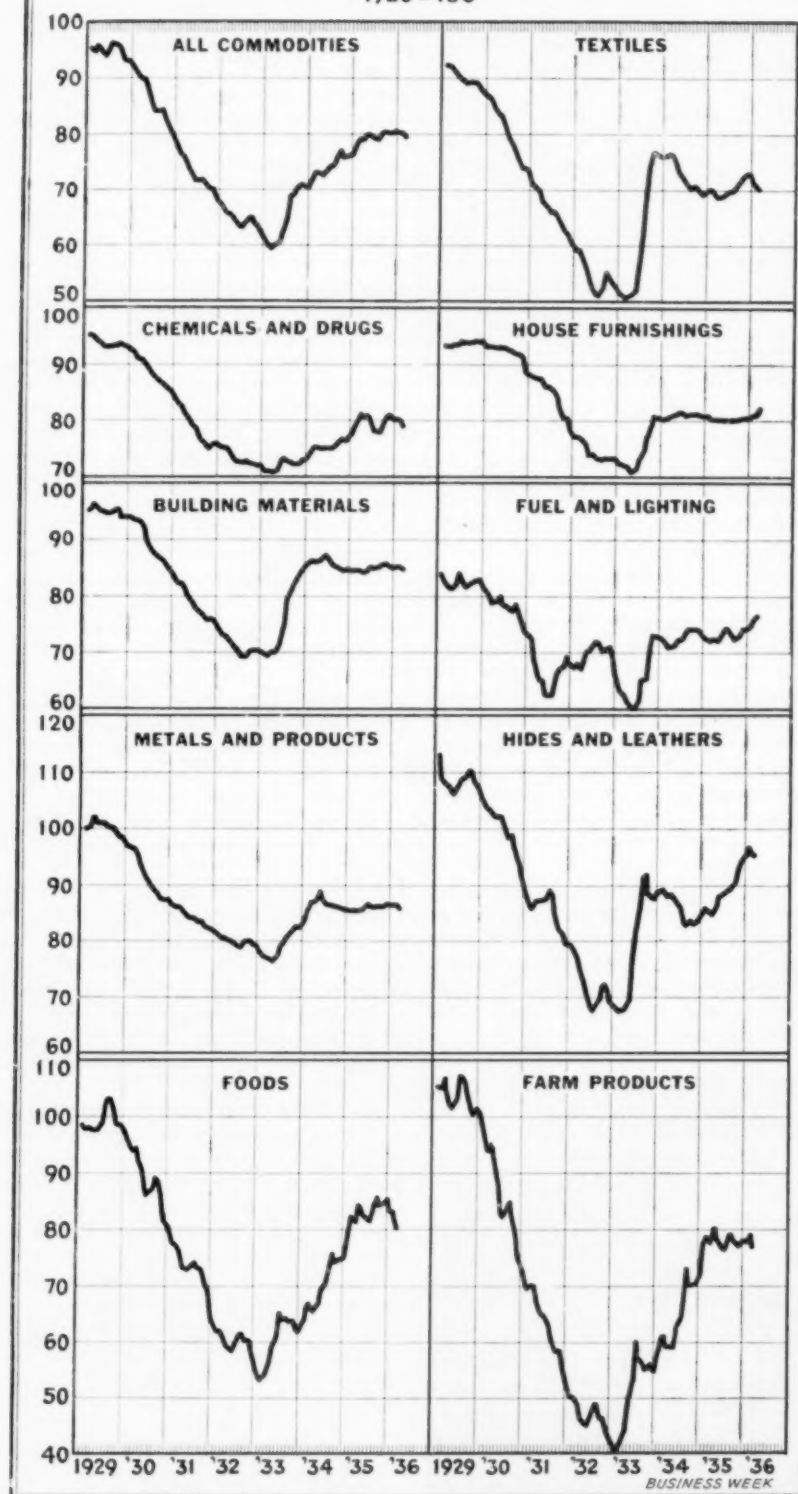


**FLAGSHIP READY**—The *Henry Ford II*, motor-propelled flagship of the Ford fleet of Great Lakes ore carriers, is repainted and tidied up for the spring season. Shipping is slowly picking up, and has changed the figures from red to black, although the total tonnage shown for last year is still but 60% of the 1929 movement.



## WHOLESALE PRICES—TODAY AND YESTERDAY

1926 = 100



**FLATTENING OUT:** These charts of major groups of 784 wholesale commodities present a bird's-eye view of price trends in the past seven-and-a-quarter years. Of particular interest currently is the remarkable stability of prices in the past 15 months of every group except hides and leathers, and foods. With the exception of these two, none of the groups has fluctuated more than four and a half points, and most of them fall well below a range of three points. Excluding food and farm products, this unexpected stability of non-agricultural prices can be pushed back two and a half years.

tional organizations with the financial backing of the automotive industry.

Among the organizations are the International Association of Chiefs of Police, the National Congress of Parents and Teachers, the American Legion, and the American Automobile Association.

### Educational Plans

They believe that scientific teaching of safe driving in high schools, dissemination of safety information, traffic officers' training schools, relocation of roads and creation of express highways, uniform traffic laws throughout the country, and enforcement of laws and adequate study of traffic conditions by municipalities, will do more good than putting governors on cars or attempting through other means to hold down driving speed.

In New Hampshire, New Jersey, Delaware, Indiana, and Michigan, scores of high schools have safe driving courses. In Indiana the State Board of Education has ruled that students must have at least 20 hours of instruction in driving to get a high school diploma.

With money furnished by the automobile industry and allied industries, the International Association of Police Chiefs will help set up training schools in individual police departments.

The American Automobile Association will finance more safety patrols at schools. It has written a textbook for high schools and for schools in which adults may be taught to drive. And it will conduct a research clinic to find out the reactions of drivers.

The Automobile Manufacturers' Association is committed to a program of (1) uniform state vehicle codes, including provisions for licensing drivers; (2) uniform city traffic ordinances; (3) traffic safety education in schools; (4) a coordinating committee in each state to foster cooperation between local and state officials in safety matters.

Progress in the safety movement is shown by a report of the Census Bureau that in 86 principal cities during the first fourteen weeks of this year there were 1,881 automobile deaths, a reduction of 432 below the comparable period of 1935.

### K.O. for O.K.'s

**Chemists' association disapproves some approvals of products by "laboratories."**

THE Association of Consulting Chemists and Chemical Engineers is distressed about the growing popularity in the advertising columns of various "certifications" and "seals of approval."

The association regards some of them as bona-fide guarantees of good quality, issued by reliable testing laboratories and associations; others are considered

# Biggest Non-Passenger-Car Truck Builder is

## INTERNATIONAL HARVESTER

—Proved by R. L. Polk & Co.  
official truck-registration figures



Mr. J. L. Keeshin, president of Keeshin Transcontinental Freight Lines, Inc., shown here with two of his veteran drivers, says about Internationals: "These fine trucks have thoroughly established themselves with us on the basis of performance and economy, plus the excellent field service facilities afforded us throughout our entire operation."

Below: One of the International Trucks in the fleet of Keeshin Transcontinental Freight Lines, Inc. More than 400 Internationals are serving this great nation-wide transportation organization today.

This impressive statement sums up the secret behind International Truck success. 'Secret' is hardly the word—considering that for 35 years International truck engineers have applied themselves to the building of trucks that are **ALL TRUCK** in basic design and in every working detail. Today's Internationals offer you the result of that long record—*quality trucks on which you can depend for exceptional service and economy.*

The unusual values in International—style and appearance,

cab-comfort and ease of handling, peerless service, all-truck design—are recognized today as never before. Mark this fact: In 1935, while the truck industry as a whole gained 26.4 per cent in new-truck registrations over 1934, *International Trucks showed a gain of nearly 70 per cent.*

Call the near-by International branch or dealer and ask to have a truck brought to you for a demonstration. Sizes range from Half-Ton light-delivery up to powerful Six-Wheelers.

**INTERNATIONAL HARVESTER COMPANY**  
606 S. Michigan Ave. (INCORPORATED) Chicago, Illinois



# INTERNATIONAL TRUCKS

## The Mutual Plan: FIRE PREVENTION *plus* COMPLETE PROTECTION

Since 1752 Mutual fire insurance companies have labored to help mutually insured property owners avoid fires—with skilled fire prevention effort—including thorough inspection and engineering service.

Over 35 billion dollars worth of property is currently insured against fire in Mutual companies. And the proportion of loss to the total value is lower among Mutual policyholders than among any other group.

Under the Mutual plan this reduction of loss benefits all Mutual policyholders since the savings are returned annually to them.

During the last ten years the savings returned to the policyholders by the 75 leading companies, who are members of the Federation of Mutual Fire Insurance Companies, amounted to over \$135,000,000... a substantial reduction in cost.

Write today for the interesting booklet, "Mutual Fire Insurance." Address the Federation of Mutual Fire Insurance Companies, 919 North Michigan Avenue, Chicago, Illinois.

# MUTUAL FIRE INSURANCE

An American Institution



This seal identifies a member company of The Federation of Mutual Fire Insurance

Companies and the American Mutual Alliance. It is a symbol of soundness and stability

outright frauds, available at a set price to any manufacturer who wants to pay.

Good, bad, or indifferent—their very multiplicity suggests the need for some sort of a standardization of standards, and this is precisely what the association

has suggested to the American Standards Association. A.S.A. is reported to be receptive to the idea of developing some form of criteria for all testing laboratories and some method of designating just how each measures up.

## Added Ads Cheer Publishers

### Assembling for convention, they are pleased by higher lineage in their newspapers. Magazines also gain 13%.

NEWSPAPER publishers, congregating for the annual convention of the American Newspaper Publishers Association in New York next week (beginning Apr. 21), have plenty to talk about. And their principal interests focus exactly where they have for the past four years—on Washington.

Not since the days of NRA has freedom of the press furnished publishers with so unifying an issue. Censure of the Black Committee for seizing telegrams and exposing their contents—including some embarrassing editorial orders from one publisher to a staff writer—is unanimous.

Other national issues sure to demand some discussion include the social security acts (how will newsboys and part-time correspondents and salesmen be regarded under the various state acts?) and the federal government's attitude toward newspaper labor under the Wagner act.

### Guild Troubles Disturbing

The Newspaper Guild has grown more powerful, and the apparent sympathy of the National Labor Relations Board with the Guild's objectives, manifest in its refusal to dismiss the complaint against the Associated Press for the discharge of Morris Watson, has publishers seriously disturbed.

Four problems within the industry are pressing for consideration in the meeting:

(1) The local vs. national rate differential. Except general resolutions exploring the insertion of national copy at the lower local rate, probably nothing will be accomplished.

(2) The press-radio fight. Although there will be strong pressure to stop the sale of news broadcasts to commercial sponsors, the United Press and the International News Service have made too big an investment to withdraw at this late date. The Associated Press is expected to stick to its policy of permitting publishers who own radio stations to "roll their own" news broadcasts but forbidding them to sell such news. The Press-Radio Bureau will probably be continued.

(3) Rising costs for labor and equipment and the inevitable jump in Canadian newsprint prices, next year if not now (BW—Apr 11 '36, p32).

(4) More advertising.

Problem No. 4 is not as pressing as it has been in years past. In fact, the first quarter gains are cause for almost universal jubilation.

Except in the automotive division, which lags 19.6% behind 1935's first quarter, all lineage indexes compiled by Media Records for 52 cities have advanced. Retail lineage, which accounts for more than half the volume, is up 3.2%; general (or national) up 15.2%; financial 29.8%, and classified up 14.7%. The average aggregate gain for all divisions is 6.7%.

Last year, when the three-year advance was slowed up, publishers worried lest the lineage curve flatten out at a level still 30% to 40% below the 1929 peak. Now they are beginning to think that rates can even be boosted without serious effect.

What particularly delights newspaper and magazine publishers alike is the evidence that some brake has been applied to chain broadcasting. Although Columbia reports a record-breaking quarter, the average gain of chain broadcasting for the first three months of this year is only 3.8% against an increase of 21.4% in the same three months of 1935.

Of course, spot broadcasting is booming right along, and that's a particular headache for newspaper publishers, who have a spot service to sell, too. But a fair part of this broadcasting revenue goes to the publishers, for they have been buying up independent stations in a big way.

### Periodicals Score Gains

Some evidence that magazines as well as newspapers are gaining at the expense of the radio chains is apparent from the record. First-quarter gains for all magazines averaged about 13%. General magazines report a 34% advance, weeklies a 22% gain.

According to Publishers Information Bureau, food advertising, the biggest single classification, is up 4%, automobiles up 67%, clothing up 37%, soaps and cleansers up 10%, and tobacco up 10%. The only loss in a major classification is that of toilet goods, ordinarily the second biggest. Revenue from this field is down 10%, while drugs have just managed to hold about even.





## Maximum pay-load

ONCE airplanes were able to carry only their pilots. Today they are a mighty commercial factor—transporting pay-loads of almost incredible proportions to their own weight. Molybdenum steels have contributed notably to the lighter, stronger construction of these modern Winged Mercuries of the air.

While the advantages of minimum weight and maximum strength in airplanes are obvious, they are not always fully appreciated in other products.

Take any machine. If made from inferior irons or steels, more weight is required. This means more freight cost on material from the steel manufacturer, and on the finished

machine to the user; more power cost every time it is moved; less "pay-load"; less service life.

What Moly irons and steels have done for airplanes (in motors and structural parts), they can do—and are doing—in automobiles, railway cars and ships; in engines and boilers; in structural work; in farm, factory, mining, road-building and oil-well machinery . . . in ferrous products of all kinds.

The story of Moly—"industry's most versatile alloying element"—would fill a book. . . . And the interesting, non-technical brochure we have waiting for manufacturing executives and their associates is "MOLYBENUM IN INDUSTRY." Write for it.

CLIMAX MOLYBDENUM COMPANY • 500 FIFTH AVENUE, NEW YORK

**MOLY** SALES  
~~Molybdenum~~  
**CUTS COSTS**

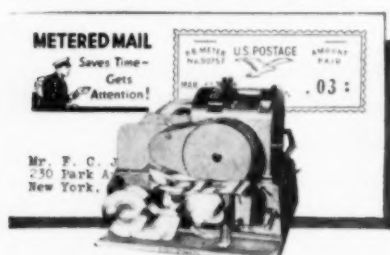
**TO PREVENT  
POSTAGE LOSSES**  
*read this book*  
**The  
TRAFFIC  
IN  
STOLEN STAMPS**  
**FOR EXECUTIVES ONLY**

Stamps are currency. They may be used to buy merchandise and settle personal bills. They can be sold for cash—and no questions asked. The losses caused by the theft of stamps from business houses are far greater than most people believe—and this book shows the extent of the evil. It exposes the methods used to beat postage protection systems, and describes the only certain ways to stop these losses in any business.

Complete protection is made possible by the use of Metered Mail and Pitney-Bowes Postage Meter Machines. The magnitude of the resulting savings is usually a surprise to the new user—savings from 20 per cent to 30 per cent are common.

In addition to such savings, Metered Mail offers other substantial advantages. Pitney-Bowes Postage Meter Machines cut the cost of mail preparation, speed mail delivery, broadcast the mailers' progressiveness, get better results... and get them sooner.

The complete story of losses due to inadequate protection, and of the advantages secured where Metered Mail guards the postage account, is in the book now offered. Because of the disclosure of methods used, distribution must be strictly limited to executives who send their request, typed on business stationery, signing title as well as name.



Pitney-Bowes "Omni" Denomination Postage Meter Machine for parcel post, letters and circulars. Imprints Meter Stamps from 1/2c to \$9.99 1/2, postmarks, prints a trade mark or slogan, audits the postage account, seals envelopes. A single, split-second operation does it all.

**PITNEY-BOWES  
MAILING EQUIPMENT**

*Distributed by*  
**THE POSTAGE METER COMPANY**  
754 Pacific Street, Stamford, Conn.

*Offices in Principal Cities*



**RIPE FOR REGULATION**—Scene in an over-the-counter dealer's shop, where traders do business over the telephone in unlisted securities. SEC has three bills before the Senate Finance Committee outlining a program for regulation of these dealers as well as for control of unlisted trading on exchanges.

## Price War Uncorked

**Competitive quotations for cork insulating board change from guerrilla to open combat.**

GUERRILLA price-warfare has given way to honest open combat among the manufacturers of cork insulating board. As in many wars, those involved yearn for peace but can't effect it. The tragedy is heightened by a realization that demand is about twice as good as it was a year ago.

Conditions were middling awful when NRA came along with an attempt at stabilization. Chiseling continued to some degree under the codes, and it became much worse after the Supreme Court winged the Blue Eagle.

The Armstrong Cork Co. is to the insulating board business what United States Steel is to its market. Armstrong could probably supply the entire country, so great is its potential production. Hence the market has traditionally been pegged to the Armstrong price.

It is said in the trade that Armstrong did everything possible to sustain a profitable price level but finally lost patience. Last January it gave competition a touch of high life. It cut prices of cork board about 20%. Thus a grade that had been quoted at 6 1/2¢ per board foot (a square foot one inch thick) was reduced to 5¢.

Here was more than the opposition bargained for. Cuts went below cost for some companies.

There are five important producers in the field. Armstrong makes many lines other than cork board, which is the only item involved in the price war. If Armstrong chooses, it can keep on the pressure till the cows come home. Its sales of cork board in 1935 are estimated at about \$3,000,000 out of total sales of \$30,000,000. No fatalities are

expected, since the other producers are well financed.

Insulating board is made by grinding the cork and pressing it with a binder. Time was when domestic electric refrigerators furnished an enormous demand for cork insulation. That market is practically lost to lower-cost competition.

The bulk of the demand now is for large installations: big refrigeration boxes, refrigerated store fixtures, plant storage rooms that must be kept at even temperatures, refrigerator ships, and so on. Contractors are having a merry time, playing one bidder against the other.

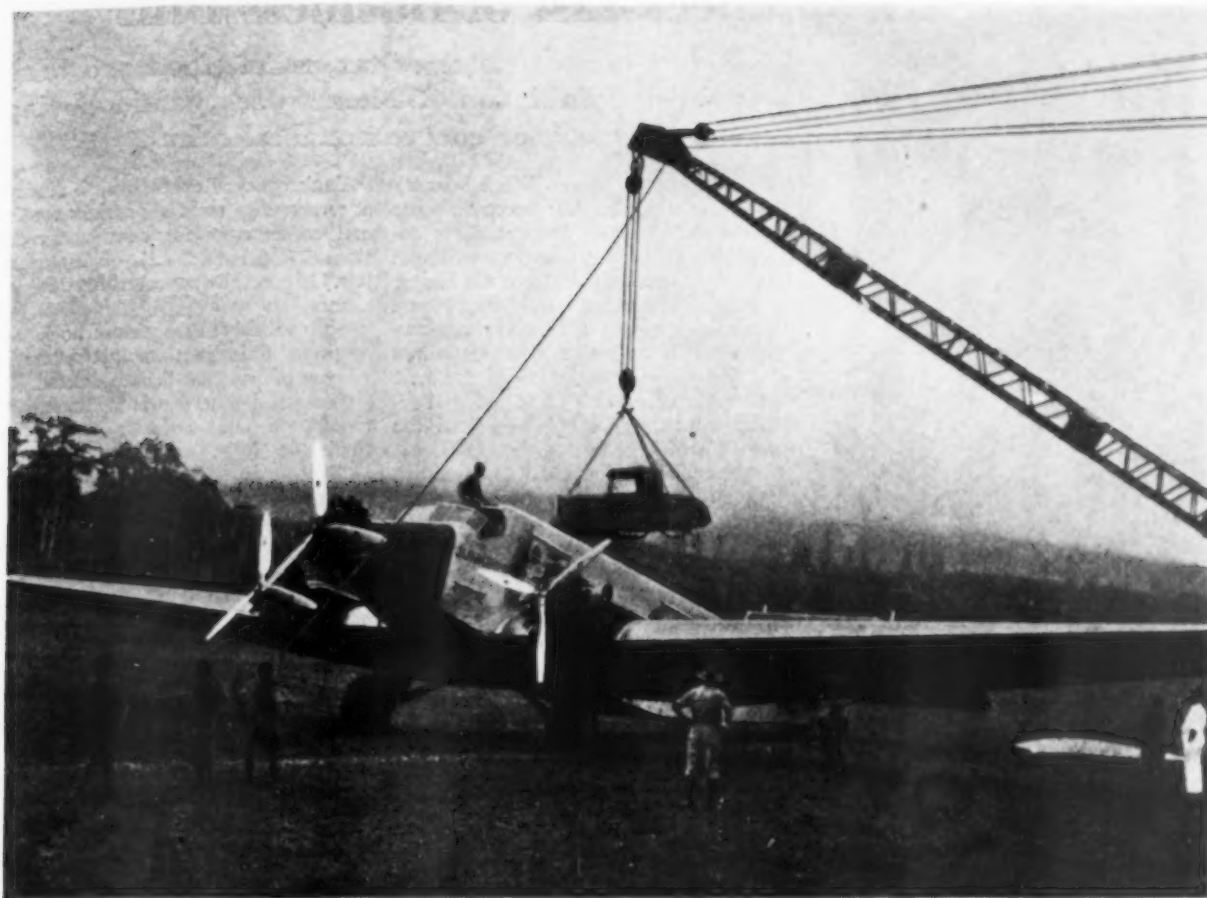
There is a Cork Institute but it has done little in the present crisis, since it has the reluctance of the usual trade association to dabble in price-fixing.

## Cutting 14 Hours

THE Edward G. Budd Manufacturing Co., whose Philadelphia plant is just finishing four new trains for Burlington, got another big order this week: Santa Fe likes the stainless steel car it ordered after test runs last fall (*BIW—Sep 21 '35, p 38*) and will take a stainless steel train for its Chicago-Los Angeles route. The schedule will be 39 hr., 45 min.—a 14-hr. reduction.

Budd will build the eight cars (baggage, dining, club, observation, and four sleepers). The Electro-Motive Corp. (a division of General Motors) will deliver the diesel electric locomotive.

Meantime, Burlington is getting ready to put four new lightweight trains in operation. Two six-car trains will replace the overburdened three-car streamliners running between Chicago and the Twin Cities; and a pair of ten-car trains will run between Denver and Chicago.



## GUINEA GOLD FROM GOODRICH RUBBER

**D**EEP in the South Sea jungle of New Guinea, gold was found... But there was no way to bring it out—railroads were impossible and even roads were unheard of. Apparently the glittering wealth, even though known, was to remain just out of reach.

Then engineers of Bulolo Gold Dredging Co., Ltd., conceived the bold plan of flying machinery into the jungle, to extract the gold from the gravel so that only pure gold need be carried out. Rubber contributed to the success of the plan.

Goodrich makes a special rubber to line ball mills—great revolving cylinders

which grind materials so that "pay dirt" can be separated. This Goodrich rubber resists the terrific abrasion of the grinding ore and outlasts the finest steel linings, formerly used for the purpose, sometimes as much as ten to one. And, of course, the Goodrich lining weighs only a fraction as much as steel.

So airplanes flew Goodrich rubber into the jungle, mills were set up, and the separated gold was flown out.

There's latent gold in many a product or process today—gold that Goodrich rubber, in its new forms and properties, might discover. Goodrich engineers have perfected rubber compounds

which can be used to eliminate noise, reduce vibration, cut production costs, increase product life, or add the novelty of lightness, new color, shape or texture to your product.

Put these new properties of Goodrich rubber to work for you, as so many others are doing—to their profit. Write The B. F. Goodrich Co., Mechanical Rubber Goods Division, Akron, Ohio.



• Goodrich rotary drill hose, used in oil drilling stands the abrasion of mud at 800 to 1000 lbs. pressure per sq. in., and is more flexible and far cheaper than the steel pipe formerly used.



• Goodrich rubber bearings for marine propeller shafts outlast the finest wood or metal 4 to 12 times, protect the metal shaft from abrasion, and deliver more and smoother power.



• Stinging blows of sharp sand cut steel blast helmets in a few hours. Covered with Goodrich rubber by the Anode process, the same helmets last 10 to 20 times as long.



• Chutes handling sharp rock in mills and mines quickly wore out. Covered with Goodrich rubber, these chutes last 10 times as long, reduce production cost and shut-down time.



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ALL products *problems* IN RUBBER



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to know more  
about us*



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We kept that in mind while making up our General Foods Annual Report for 1935. We tried to keep it clear, compact, and interesting, remembering that its purpose was to take the general public behind the scenes, as well as to keep our employees and our 63,000 stockholders informed.

In this report is included a special message to the public, telling them how several food companies by banding together have been able to render better service.

Our report is now ready for distribution, and we will gladly mail you a copy upon request. Write Dept. 4.

## GENERAL FOODS

250 Park Avenue  
New York City

## Check-List of Business Bills

**Here's present status of tax, relief, food and drug, price-discrimination, 30-hour week, anti-lobbying, and other bills on congressional calendar.**

WASHINGTON (*Business Week Bureau*)

—The new tax muddle becomes worse by the minute, with Speaker Byrns announcing he is sure Congress will vote enough new taxes to balance the budget—except for relief—and the House Ways and Means Committee shadow-boxing with a bill that is still unwritten but the essentials of which do not meet either the President's ideas of social reform or the Treasury's ideas of the money needed.

Meanwhile business, still laying down a bombardment against both, and insisting that economy in spending is what is needed instead of new taxes, continues to riddle all suggestions. As has been constantly stated in these dispatches, the whole bill will be rewritten in the Senate.

Other legislation of interest to business is about as follows:

**Relief:** Prospects are still that the President will be given pretty nearly *carte blanche* to spend a billion and a half of new money, in addition to the billion-odd which will be left over from previous appropriations on June 30. Strong fight to earmark around 700 millions for Ickes PWA-type projects, instead of boondoggling, may complicate the situation.

**Price-discrimination bills:** Modifications predicted in *Business Week* March 14 have been made in Rep. Utterback's bill. Fair chance of enactment.

**Deceptive practices:** Unless unexpected White House heat is applied, Wheeler-Rayburn bill will probably die. President is too busy with other things.

**Food and Drug bill:** Likely to go over until next session.

**Copyright bill:** Composers and authors made quite a dent by their testimony against it. Not likely to pass. Fight will come up again next year.

**Government contracts:** NRA code requirements have been abandoned in Healey revision of Walsh bill, but chances seem slim. Roosevelt can't spare heat from tax and relief.

**Little NIRA for Textiles:** Rep. Keller has rewritten this bill. It is still bogged down by failure of Supreme Court to decide Guffey Coal case.

**30-hour week:** No chance. This continues to be mere trading point for union leaders, who would rather win hour-and-wage concessions by their leadership than have government force everything.

**Federal licensing:** Dead.

**Anti-Lobbying:** Some lobbyists favor. Want sheep separated from goats. House will pass if it reaches a vote, but whole thing highly uncertain.

**Bankruptcy:** Rep. Sabath's bill, aimed at receivership rackets, provides for federal conservators for cases under Sections 77 (a) and (b) of bankruptcy law. Is generally approved but has poor chance.

**Ship subsidy:** Prospects of no subsidy continue. Ship lines may get restoration of part of pay that Senate deleted.

**Long-and-short-haul:** House has passed. Senate majority favors, but Chairman Wheeler, Mont., opposes. Unlikely to pass, as it takes only a few senators to kill anything in the short session (the one in even years).

**Railroad labor:** Wheeler-Crosser bill aims at forcing railroads to compensate any employees dropped because of economies, consolidations, etc. Only question is whether railroad labor gets what it wants in negotiations or forces bill through.

**Rural electrification:** In conference between Houses on minor differences. Certain of enactment.

**Housing:** Bogged down by controversy. Prospects once bright, now seem hopeless.

**Mississippi Valley Authority:** Dead.

**Natural gas regulation:** Over until next year.

**Commodities exchange regulation:** Will probably pass, covering grain alone, with cotton cared for by amendment to existing Smith-Lever law.



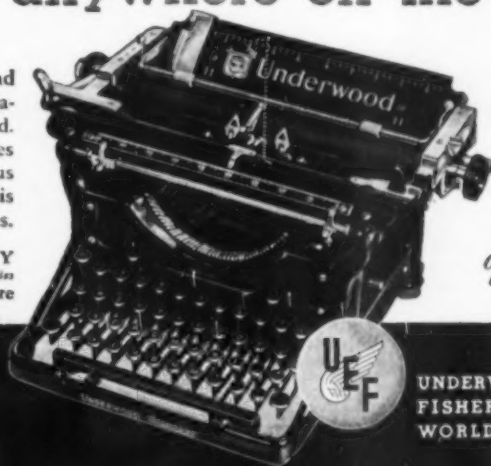
**WIDE WORLD**  
**NEWTON'S NOTION**—Newton D. Baker got tired of finding dust on the tops of books, set the brain which used to run the War Department to work on a cleaning gadget. Patent has been assigned to the Electric Vacuum Cleaner Co. of Cleveland (Premier Division), and production started.



. . . Underwood produced the first front-stroke **VISIBLE** typewriter and put an end to "Blind Typing." Year by year for more than 30 years, Underwood has produced and sold more typewriters than any other manufacturer anywhere on the Globe!

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STANDARD TYPEWRITER

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WORLD'S BUSINESS

# More Price-Control Slugging

**The big battle rages in Washington, state capitals, and the courts. Patman bill to be debated soon. Two more states pass fair-trade acts.**

SIGNIFICANT developments on three fronts—federal legislation, state legislation, and the courts—occurred this week in the fight over price control.

Probably the most important single event was the action of the House Rules Committee in tentatively granting Rep. Patman a special rule to permit consideration of his amended anti-price-discrimination bill (H.R. 8442) on Apr. 22, if the tax bill is not ready by that time—as it probably will not be. Sen. Robinson's kindred measure may come up in the Senate at about the same time.

## 50-50 on Passage

However, on the Patman bill's chances for passage this session, the trade still remains about evenly divided, with the opponents of the bill enjoying a shade the better of the argument, mainly because of the encouragement given them by a minority report in which Rep. Celler of New York, the ranking Democratic member of the House Judiciary Committee, last week vigorously attacked the bill.

His report rehearsed in full detail the arguments of the opposition: that the bill would outlaw legitimate quantity discounts and thus eliminate sales which many manufacturers count on to stabilize production; that it would establish an arbitrary classification of customers instead of that built by sound business practice; that by giving the Federal Trade Commission complete power to fix discount limits, it would invite a vast extension of bureaucratic control; that in subsidizing inefficient middlemen in distribution, it would freeze prices at decidedly higher levels; and that in intent, if not content, it goes directly opposite to the Supreme Court's decision in the Sugar Institute case.

The big mass distributors felt that they got another good break last week when the Patman committee investigating chains filed its final report—and left the American Retail Federation still doing business at the old stand.

Virtually the only charge which the four members of the majority could sew up tightly was that the Federation did

not permit small retailers to have the voice in its affairs which they ought to have in any organization purporting to be the voice of all retailing. (And A.R.F. has taken steps to nullify even that censure by shifting control in its board of trustees to small retailers.)

As for the rest of the report, it was full of snide insinuations for which no factual foundation was adduced and which the three-man minority stoutly challenged, declaring that the committee had found "nothing to indicate an intention to trespass beyond ethical limitations."

## New Fair-Trade Acts

Meanwhile, in the past fortnight, price-control enthusiasts chalked up two victories when fair-trade bills, permitting manufacturers to establish minimum prices on their goods, were signed in Ohio and Virginia, bringing the total of fair-trade act states up to 12. The others are California, Oregon, Washington, Iowa, Illinois, Wisconsin, Pennsylvania, Maryland, New Jersey, and New York.

The fight in the East this week was considerably enlivened by an open break over policy between two groups of retail druggists in New York State, both engaged in attempting to make manufacturers hit the sawdust trail of price control.

One group is the State Pharmaceutical Association, which, through its Fair Trade Committee, has been waging a campaign of more or less peaceful penetration. Weekly meetings have been held with manufacturers, and the beauty of stabilized prices under fair-trade contracts has been appropriately painted.

The second group, consisting of more hot-headed druggists who are united in a so-called State-Wide Committee, has adopted sterner measures, including the boycotting and blacklisting of products whose manufacturers do not distribute them under fair-trade contracts.

## Censure Strong-Arm Tactics

Lately, even the aggressive retailers on the Pacific Coast have warned this group that its practices might lead to a Federal Trade Commission investigation, and this week the State Association came out with a scorching blast against the State-Wide Committee.

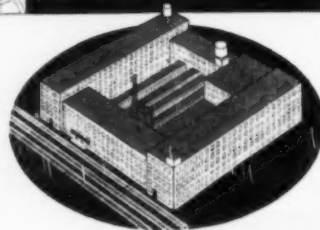
On the judicial front, the court news was mostly bad for the price-control contingent. The Circuit Court of Appeals refused to vacate an FTC order requiring the Armand cosmetic company to cease and desist from attempting to maintain resale prices by dealer agreements.

The argument to vacate the order—the first time this has even been attempted—was based on the fact that FTC departed from its original complaint ("conspiracy in combination") when it issued the final cease-and-desist



Koppers provides the paint industry with raw materials which are used in the manufacture of paint and paint removers... chemicals which are used in the manufacture of organic colors for paints... and materials for making synthetic resins for paints. Koppers also produces special types of tar-base paints for such purposes as traffic-marking, dampproofing, metal-preservation and for marine use, and tar-base aluminum paint for the treatment of masonry, concrete, and creosoted wood.

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1. Tarmac for Roads 2. Roofing Materials 3. Waterproofing Materials 4. Bituminous Paints 5. Creosote for Wood Preservation 6. Light Oils 7. Tar Acids



order. Armand plans to carry the case through to a Supreme Court decision.

Last week, also, the Goodyear Tire & Rubber Co. in Cincinnati filed with the Circuit Court of Appeals a direct appeal from the epochal FTC decision (BW—Mar 14 '36, p20) finding the company guilty of price discrimination in violation of the Clayton act.

FTC had held that the prices at which Goodyear sold tires to Sears, Roebuck discriminated against Goodyear's own dealers. The appeal claims that 21 fundamental and 80 contributory errors were made by FTC in its findings of fact.

This week, FTC wound up its case against Yardley & Co., and the trade expects that it will soon issue a cease-and-desist order, charging combination to maintain prices.

The only hopeful harbinger for the price stabilizers was the inauguration this week of the FTC case against the American Safety Razor Co. Issues like those in the Goodyear-Sears case are involved, only the trade thinks that they are much clearer, and that FTC must surely find the company guilty of discriminating in favor of big buyers.

## A Larger Bite

**Wallace raises quota of Florida and off-shore sugar.**

SECRETARY OF AGRICULTURE WALLACE has examined the sugar tooth of the nation and decided it needs a slightly larger bite. Hence, last week, he announced that sugar quotas under the Jones-Costigan Act would be increased for 1936 by a net amount of about 175,000 tons.

Actually the increased markets handed out totaled 383,000 tons, but 207,000 tons of this was taken from domestic beet producers, because it appears they cannot fill their allotment this year by that margin. The beet deficiency was thereupon turned over to domestic cane producers in Florida and Louisiana and to off-shore producers.

By statutory obligation, when the sugar quotas add up to 6,452,000 tons, 30% of any increase must go to domestic producers and 70% to off-shore producers.

The estimated 1936 consumption for the country is 6,609,625 tons. That is, however, just the first careless shot at the truth, according to the sugar trade. Ultimately, 1936 consumption is expected to be 200,000 tons more than last year, which would bring it up to 6,830,000 tons.

Wallace's action therefore did not dismay the industry. Sugar men calculate that there will have to be still further increases in the aggregate quota to supply the unexpected increases in consumer demand.

## New Products

**New things, new designs, new packages, new manufacturing and marketing methods.**

In asking further information on new products or submitting data on newer ones, address *Business Week's* Chicago offices—520 N. Michigan Ave.

INKING of drawings is eliminated by the No-Ink drawing board offered by W. H. Long Co. Its white composition surface is advertised as being tough, resilient, washable, stain, scratch- and mar-proof, and designs drawn on it with a 3-H or harder pencil are said to produce blueprints as clear-cut and readable as ink-line. The sheets are  $\frac{1}{8}$ " thick and may be had in any size.

THE new line of cylinder and padlocks announced by Four-Way Lock Co. has eight locking levers and 16 locking surfaces, and the levers, which move in four directions, can be operated only by a four-sided key. The manufacturer states that these locks cannot be picked, will not be opened by vibration, and that all purchasers will be registered and duplicate keys supplied only to registered owners.

KODAIR is offered by the Schwarze Electric Co. as an all-electric, air-blasting signal horn for coding and paging purposes in industrial plants, warehouses and large commercial establishments. It is advertised as producing a non-synchronous trumpet blast that will penetrate noises and be clearly audible where conventional signalling devices are ineffective.

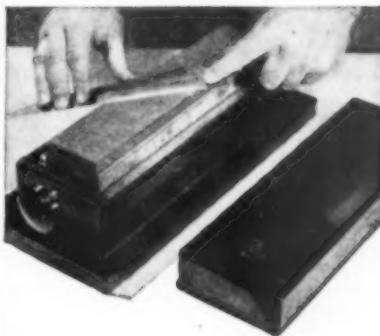
A NEW self-contained hydraulic press is offered by Watson-Stillman Co. for various molding and pressing operations. Hydraulic pressure is obtained through an electrically-driven gearless pump, mounted in the base of the press. Pump and valves are advertised as being packless. Seepage from the ram drains back into the reservoir. The press is supplied in four different capacities.

THE new two-sided Lifeguard lantern, announced by Royce D. Hart Co., is designed to prevent accidents when motorists have to make emergency stops along the roadside at night. It is of spot-welded steel construction, operates with two standard No. 6 dry cells and from one side throws a brilliant white light while the other intermittently flashes a strong red light.

MEZURALL, announced by Lufkin Rule Co., is a 6-foot measuring tape, made of concave steel, which can be projected unsupported in any direction. Its case has three flat edges and stands unsupported in three measuring directions.

## THREE WERE CALLED

*...but one was chosen*



Which one to use? Cast iron? Steel stampings? Molded Durez? Carborundum Co. faced this decision in planning their new Duo-Stone knife grinder for use in meat markets.

Sample models in each material were made and presented to chain store executives for approval. They unanimously selected the Durez case! Why? Because the Durez case is lighter than metal; hence easily portable; because its finish is permanently shiny and will never chip, rust or corrode; the absence of dirt-catching corners and the smooth finish make it more sanitary. The Durez case leaves the mold complete, needing no grinding, spraying, baking.



### FIRST A HANDLE, THEN A TRAY

—that's Silen's experience with Durez. Gay colored Durez cocktail trays now go with these famous coffee-makers, protecting tables from heat or spilling. Coffee- and alcohol-proof. Acid-resistant. Good heat insulator. Can't chip or dent. Quiet, too, for it's non-metallic.

**DUREZ** is a hot-molded plastic, simultaneously formed and finished in steel dies. **STRONG . . . LIGHTER THAN ANY METAL . . . HEAT-RESISTANT . . . CHEMICALLY INERT . . . SELF-INSULATING . . . WEAR-PROOF FINISH.**

There are 307 Durez compounds, each with a specific use. In considering molded plastics let us specify the proper compound for the job. For further information and copy of monthly "Durez News," write General Plastics, Inc., 114 Walck Rd., N. Tonawanda, New York.

# DUREZ

# Rubber Threatens to Move

**Akron worries as old warning is finally translated into action by three manufacturers. Labor troubles are partly the cause of decentralization.**

DECENTRALIZATION of the rubber industry, which has gone forward quietly for the past 10 years, was brought into the open last week by rubber manufacturers as a threat and a promise.

The threat was against the unsettled labor situation in Akron, still boiling after the recent Goodyear strike. The

promise was intended to quiet the jitters in Detroit, Akron's largest customer.

Almost simultaneously, three large rubber companies announced plans to expand outside Akron, explaining that their customers were alarmed about their sources of tires.

Goodrich officials said they planned

to equip their Oak, Pa., reclaiming plant for tire manufacture, and eventually to build a mechanical goods plant outside Akron.

General Tire, which has been looking for a plant in which to enter the field of mechanical goods, will quit looking in Akron, officials said.

The Gadsden, Ala., plant of Goodyear was stepped up from 6,000 to 8,000 tires a day, and equipment for tube manufacture was being set up.

Akron business was reluctant to believe that threats to make Akron a ghost city, which have been expressed repeatedly since 1913, were finally being acted on, although there are many reasons for a much wider decentralization of rubber than has been made.

## Grew Despite Difficulty

The prominence of Akron in rubber is not the result of natural advantages. It is the result of Dr. Benjamin Franklin Goodrich's choice of the city for his little rubber enterprise back in the '70s. The industry has flourished in Akron in spite of poor natural advantages.

Akron is situated at the summit of two watersheds, the Lake Erie and the Ohio River. The lack of adequate water for much greater expansion of an industry that needs as much water as rubber has been recognized for a long time.

The industry is also up against a high-wage problem of its own making in Akron. The average wage for both male and female rubber workers in Akron is 90 cents an hour.

Goodyear estimates that it can save approximately 30 cents a tire in its Southern plant. Between 15 and 20 cents would come from lower wages.

Another cause of decentralization is the fear of manufacturers that production will be slowed down materially by concerted action of the workers, in opposing what the union calls the speedup. This slowing down is already going on, according to William O'Neil, president of General Tire, who says his plant could turn out 2,000 more tires a day if it were not for "yappers who are continually agitating."

## Labor Decision

**National board refuses to rule who shall represent workmen.**

WHILE angry spokesmen for labor buzzed about a Senate subcommittee last week, giving details of charges that industry was arming against labor, and told the National Labor Relations Board stories of widespread espionage, the board found time to pass out a decision which was partly lost in the welter of big headlines but which is an important clarification of policy.

Rejecting a petition of the Aluminum Workers Union at Alcoa, Tenn., the



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Costs ,  
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**LINK-BELT  
POSITIVE  
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A Link-Belt positive drive specialist will be glad to show you the records of accomplishment of positive drives and explain how you can benefit by their efficiency. A request for information entails no obligation.

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# Addressograph

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**WHAT PRICE PROGRESS?**—Works Progress in this case meant dropping the work, if any, going to Washington and parading before the White House—which at the time was untenanted, what with the President away fishing. From the self-made Workers Alliance may spring a political lobby, backing a vast, permanent relief program.

board said it is not going to decide, for the workmen of any plant, which spokesman shall represent them in dealing with their employer. The board sees its duty as that of protecting the right to organize and to bargain collectively; further than that it can't, or won't, go. Laboring men have to settle their internal squabbles themselves.

On the general labor front, meanwhile, heavy firing began again between San Francisco Waterfront Employers Association and the dockworkers employed at that port. When Stevedores Local 38-79, led by Harry Bridges, refused to handle cargo from the Grace

liner *Santa Rosa*, it looked as if the long-predicted showdown had arrived.

A New York dock strike by Joe Curran and other former members of the *California's* crew, who were docked and discharged on arrival a month ago, began it all. Eastern lines pay stewards \$5 a month less than Western lines, and no overtime. International Seamen's Union says the Eastern scale is O.K., but Bridges and his stalwarts don't mind bucking the union—they expect to overpower it and gain complete control. San Francisco ship lines look at it another way—they hope this is the end of Harry (Hard-to-Handle) Bridges.

## Dillon Will Walk the Plank

**Auto union in convention will dump the president that Bill Green appointed. Hall-Martin faction approves Lewis' idea of industrial setup.**

GRANTED complete autonomy by the executive committee of the American Federation of Labor after an eight months' probationary period, the United Automobile Workers' Union will meet in South Bend, Ind., Apr. 27, to choose its own officers and outline its program.

Its president, stocky Francis J. Dillon, is not a candidate to succeed himself. He does not choose to run because he knows he can't be elected. At the constitutional convention last August, Pres. William Green of the A. F. of L. appointed Dillon president of the U.A.W. when he could not muster a majority vote.

Mr. Dillon will go down under the double-barreled shots fired for months by Homer Martin, vice-president, and

Ed Hall, secretary-treasurer, who occupy offices next to Dillon, with the door between locked. They accuse him of a "do nothing" policy. He declares that the union's growth to 84 locals and 40,000 dues-paying members is no mean showing in as powerful an open-shop industry as automobile manufacturing.

John L. Lewis seems to cast a bulky shadow over the U.A.W. Dillon is a loyal Green adherent. He denies, however, that the controversy in his union over craft vs. industrial unionism has genuine importance. The U.A.W. has the broadest charter ever granted by the federation. It contains many skilled workers who technically belong in craft unions, but these unions have made no attempt to take them away. In short,

the Dillonites declare that the U.A.W. is an industrial union without being called that.

The Martin-Hall faction disclaims connection with Mr. Lewis' committee and in the same breath voices agreement with its aims. Out of the South Bend convention is likely to come a line-up sympathetic to Lewis.

The delegates won't go "whole hog" for him, however, unless they want their federation charter revoked. They won't risk that danger, because they want continued financial aid from the federation, which has been paying most of the overhead in Detroit. Moreover, even Hall and Martin admit that the Federation's advice will be valuable.

The Federation may name an unofficial advisor to the new officers. If the Martin-Hall faction wins, Dillon won't be the advisor.

### Ambition Aroused

Many officers of locals, tasting authority for the first time, are ambitious to gain national office. Logrolling on a grand scale at the convention is expected. Some locals, disgusted or confused by the sight of their national officers thumbing their noses at each other, have quit paying national dues.

Dillon says the union has unofficial recognition at Studebaker and Nash and White Motors. He claims that one of the most important manufacturers is dealing directly with him.

Martin and Hall declare that such recognition hasn't meant anything. They demand a more active organizing campaign for members. At the same time they don't wish to be labeled as radicals; they say strikes result in losses both to workers and to management.

The manufacturers are satisfied to have the union leaders busy with an internal scrap. High wages and steady employment have reduced strikes in the industry to a minimum in the past year.

Dillon takes part of the credit for the peaceful period, because of the stabilizing policy of his administration. He says a union prospers in good times. Memberships rise sharply during a strike, but drop off just as precipitately when the strike ends, usually leaving the union worse off than before.

### Dillon Stopped Strike

Dillon's decline started with the settlement of the Chevrolet strike at Toledo last May. He held back at Flint a sympathetic strike in all General Motors plants, and forced an agreement on local leaders at Toledo. They have been out to get him ever since.

He has refused to grant a charter to a Toledo local made up of members in some 13 parts plants, saying he can only charter locals in single plants. Defying him, Martin and Hall issued a charter, which Dillon terms "only a scrap of paper."

*"I want them to have the SAFEST  
CAR that money can buy!"*



- NEW PERFECTED HYDRAULIC BRAKES
- IMPROVED GLIDING KNEE-ACTION RIDE\*
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## 6% NEW MONEY-SAVING G. M. A. C. TIME PAYMENT PLAN

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You do, of course, and the absolute limit of motor car safety will be yours in the *new 1936 Chevrolet!*

Its New Perfected Hydraulic Brakes—exclusive to Chevrolet in its price range—give unequalled stopping power. Its steady, stable Knee-Action Ride\*—likewise exclusive to Chevrolet—makes the moving car seem a part of the road itself. Its Solid Steel one-piece Turret Top Body—found only on this one low-priced car—surrounds passengers with the safety of steel. And an equally exclusive Fisher No Draft Ventilation System protects health by giving passengers individually controlled ventilation without drafts.

You are entitled to ALL these features in your new car; safe driving demands their presence; and you can get them, at low prices, only in the new 1936 Chevrolet.

Give your family one of these new Chevrolets and you will be giving them the safest motor car that money can buy!

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Or uniting steel, felt and asphalt into a solid substance that will endure under the most severe conditions.

For thirty years, we have been learning how to make our roofing.

Quality calls for more than good intentions—it calls for knowing how.

If any one should try to make our kind of protected steel roofing, he would always be thirty years behind us in experience.

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There couldn't be another roofing like ours.

*If you are interested in an industrial building project of any kind, we invite you to write for a free copy of our new brochure "Roofs over Industry." It explains fully the advantages of Robertson Protected Metal, and depicts in dramatic photographs the care, science and knowledge which go into its making.*

H. H. ROBERTSON COMPANY

2007 GRANT BUILDING • PITTSBURGH, PA.



MILLIONS OF SQUARE FEET of Robertson Protected Metal roofing and siding . . . many thousands of R. P. M. ventilators like these . . . are now giving efficient and economical service on buildings in 97 different countries and dependencies. In Jersey or Japan, Chile or China, R. P. M. can be depended upon to perform its job faithfully.



ON *Protected* METAL

THIS COMPLETE PROTECTION of the metal core is what has made Robertson Protected Metal world famous as a material for roofs and sidewalls of industrial buildings.

AN ADVERTISEMENT DIRECTED TO FOUR PARTICULAR COMPANIES



## THE \$14,000 BLUEPRINT

• One of the largest, best-managed companies in America. Laughed at the idea we could show them how to save money. Authorized a plant survey more out of courtesy to our engineer.

Our men put on overalls and lived in the plant. They brought their findings to our estimating department. Then we went back to their plant with a proposal and the blue print.

Accepted. Investment in 12 new machines, \$31,375. Savings the first year in direct labor alone—\$14,129.37, not including overhead. We completely modernized their production, eliminating waste, increasing accuracy, combining operations and lowering costs.

That's what we mean by modernizing. And that's how we go about it.

We are equipped to handle at this time four such plant surveys. May we discuss your plant (your net profit) as one of the four?

*Make This the Turning Point to Increased Earnings*

**WARNER & SWASEY**

**Turret Lathes**

*Cleveland*

## Labor Party—Maybe

**It isn't expected till 1940; meanwhile Lewis and Berry carry the ball for Roosevelt.**

EVERY election year—and sometimes in between—there is talk about a third party. Sometimes it's called Labor Party, sometimes Liberal.

This time, in a vague sort of way, the implied tag is Labor-Liberal-Farmer-Progressive Party. But put them all together and they still spell Labor, according to political prognosticators of all shades—and the time of full bloom isn't nearer than 1940, if that near.

### Rally for Roosevelt

Jim Farley counts organized labor's 1936 votes as in the bag for Roosevelt, and well he may. Powerful leaders are already sounding the cry to rally round the Roosevelt banner; among these stumpsters are John L. Lewis (a Hoover man in '32), Sidney Hillman (a Socialist), and George L. Berry (who has been a Roosevelt man for some time).

Mr. Berry used to be a printer. He went to press in a big way three weeks ago, announcing the formation of Labor's Nonpartisan League, which will work to reelect Mr. Roosevelt. Sponsors of the league include Lewis and Hillman, and it is claimed that there is no affiliation with any other organization, in labor or out.

This may be the organization which stands a chance of forming a healthy nucleus for a third party. No such result is expected from the routine activities of Daniel J. Tobin, leader of the teamsters' union, as chairman of the labor division of the Democratic National Committee. Each party always has some labor leaders it can count on; the Republicans' biggest gun is William L. Hutcheson of the carpenters, and biggest foe of Lewis.

### Party Doesn't Matter

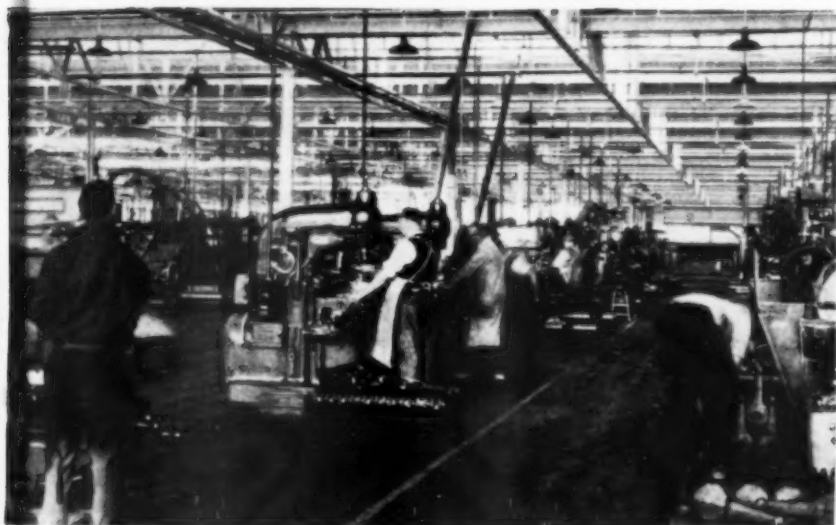
William Green, president of the American Federation of Labor, spoke up last week in a political way, advising laboring men to support those candidates "pledged to the responsibility of finding how social welfare legislation can be made the law of the land unchallenged by the judiciary." Which means, in effect, "Give us a plank to curb the Supreme Court, and we'll deliver the votes"—but it doesn't speak for party affiliation.

Meanwhile, as organized labor turns toward politics, a curious and diversified group, which is partly organized, partly not, has set itself the task of forming a union of all those who *don't* work, at least not for private industry. They include WPA employees, Workers Alliance of America (left-wing Socialists), National Unemployment Council (Communist), and National

# THROTTLES OPEN /



**Shops making aircraft engines and parts are running "Throttles Open". . . another branch of the busy, buying metal-working field . . . here, too, American Machinist readers control the orders.**



- *Shops like this make airplane engines and parts, buy 2% of equipment in the metal-working field. Here, too, American Machinist readers control the orders.*

America is taking to the air! Last year the number of passengers carried exceeded 1934 by 61%.

No wonder plants that make airplane engines and parts are busy! No wonder they're buying equipment!

And likewise throughout the *entire* metal-working field. Increased spending has furnished both the need and the capital for buying all types of industrial equipment. Machine-tools, for example. Sales this year eclipse 1935 by 93%.

Here's a rich, ripe market for selling *all* types of industrial equipment. You can blanket it with your sales story easily and economically with penny-a-call American Machinist advertising.

American Machinist's selective circulation takes your sales message to the key production and management officials in all parts of the metal-working field. They control the orders. And this year there are plenty. Go after them . . . with American Machinist advertising.

## AMERICAN MACHINIST

A MCGRAW-HILL PUBLICATION

330 WEST 42nd STREET, NEW YORK, N. Y.

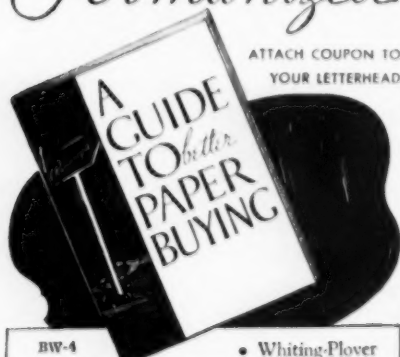




**FILL OUT THE COUPON** and you will. A 1936 paper, with its 1936 features *permanized* right into it. Why and how are explained in **THE GUIDE TO PAPER BUYING**, a twelve-minute book that can save hours of doubt when you seek the right paper for a job. • *Permanized Papers* are made to fit today's needs at the expense of a lot of old equipment and outworn ideas. Fill out the coupon and judge for yourself. In value and satisfaction, *Permanized Papers* offer you



## A NEW kind OF PAPER: *Permanized*



BW-4

• Whiting-Plover Paper Company, Stevens Point, Wisconsin  
Send the booklet—no obligation, of course.

Name .....

Position .....

Company .....

Unemployment League (left-wingers known as "Trotskyites").

The first national convention was held in Washington last week, and organizers will go about the country signing up the jobless. On the theory that unemployment is permanent, this "union" wants a six-billion-dollar relief

appropriation, a 30-hour week, and dime-a-month dues from its members.

Estimates are that some 500,000 jobless persons are represented by the majority group of delegates who formed the workless union. Nobody has paid any great attention to them—but votes are votes, and somebody may.

## Rowdy Rodessa

**New Louisiana field is so near East Texas that prevention of hot oil is made harder. Companies and politicians play intricate game.**

LIKE its product, the oil industry is highly volatile. Its most recent sensation is the prospect that Louisiana crude may be piped into the East Texas field, an operation that would compare with carrying coals to Newcastle.

The threat further aggravates the jitters that develop as the new Rodessa field, once considered negligible, shows greater production possibilities.

Rodessa, in northwest Louisiana, had a daily production on Aug. 24 last year of 1,650 bbl.; on Mar. 21 last it was 43,900 bbl. It has 120 wells in Louisiana and five in Texas.

Chemically Rodessa oil resembles Pennsylvania crude and it is therefore highly valuable for lubricants.

Explorative holes are still extending Rodessa's area. The apprehension of the industry grows proportionately, since new supplies are a threat to price structures. Control is primarily up to Louisiana authorities, but there is an interstate angle.

Cantankerous East Texas has been fairly well subjugated by state authorities and by the Federal Tender Board,

which prevents interstate movement of hot oil. Early this month the East Texas Refining Co. pulled a new one. It asked to bring in 125,000 bbl. of Rodessa crude.

The application was a climax of several maneuvers. East Texas Refining has a plant right over the biggest oil pool in the country. But it has quietly been building a pipeline the 60-odd miles to Rodessa. "Why," asked the inquisitive, "would the line be built if the company didn't expect to get Rodessa oil cheaper? Officially prices are the same for the two fields."

But the strategy went deeper. The Federal Tender Board can only scotch interstate movement of hot oil, i.e., production that violates a state's allowance. Thus if East Texas Refining could bring in legally-produced Louisiana crude, it figured it ought to be able to ship out products made from this crude. Disregarding this logic, the Tender Board refused the company permission to bring in the 125,000 bbl. Such oil was called "contraband."

The refusal is temporarily reassuring.



**DIG IT RIGHT HERE**—Governor Marland, who says Oklahoma's state rights must be protected against Oklahoma City's new drive for municipal oil wells, takes his National Guard and selects a spot for the first state derrick. A city vote opened residential sections for drilling, and the governor fears oil under state land may be drained off.

# THE MAGIC KEY TO INCREASED PROFITS



## Radio

SIXTY MILLION AMERICANS earn their daily bread today much as they did in 1920. But there have been distinct changes in *how they choose* and *where they buy* their daily bread, drink, home appliances, motor cars, drugs and cigarettes. Better roads and speedier transportation have broadened trad-

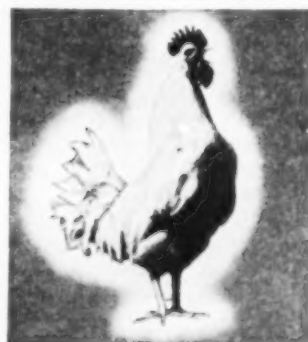
ing areas: people travel farther to buy. Similarly, radio has broadened the circulation of advertising messages, adding new millions of prospects to those reachable by advertisers. And by the very nature of its entrance into homes, radio exerts tremendous influence on the entire family's choice of products.

### *Radio's Flexibility Sells All Types of Goods*

The advance in expenditures for broadcast advertising between the two key years of 1929 and 1934, for example, showed the astonishing increase of 131%. And this increase was not confined to any small handful of products. It was "straight across the board," from costly motor cars to five-cent chain store items.

The automotive industry alone—which at first regarded its high unit-cost product as unsuited to Radio selling—put only eight-tenths of 1% into Radio in 1927. But in 1934, Radio received nearly 10%!

The record proves clearly that radio's sales influence is just as powerful for one type of goods as another; that it has played a major part in increasing the markets for goods and the sales in those markets.



### *Investigate Daytime Hours*

NBC daytime clients reach and sell with profit—all day long—a tremendous "class" market. Over 14,000,000 potential listeners!... Recent surveys show that 72.9% of the women are at home at any given Daytime hour... In 1935, advertisers invested \$5,452,890 in NBC Week-day time... ask us more!

### *Radio's Record with "Repeat Customers"*

Users of broadcast advertising are dominantly a group of repeat customers. Their total expenditures for national advertising range from \$50,000 up to more than \$2,000,000. Radio's share of these sums is distributed over the whole field—big, medium and small. In 1935, 87.2% of the advertisers who had used network broadcast advertising the preceding year were "repeat customers."

This percentage is even more imposing when presented in the form of dollars expended in radio advertising. In 1935, NBC's income from advertisers was approximately ten times the 1927 income. Surely such figures as these have the utmost significance. *One thing* made them possible—*Sales Results*. And this *one thing* is why radio, today more than ever before, is the *Magic Key to Increased Profits*.

*Tune in the RCA Magic Key Program every Sunday 2 to 3 p. m. E. S. T., on the NBC Blue Network*

## NATIONAL BROADCASTING COMPANY INC.

*A Radio Corporation of America Service*

NEW YORK • CHICAGO • WASHINGTON • SAN FRANCISCO

## SICKNESS LAY-OFFS

and disability after accidents  
leave employees without funds

## GROUP DISABILITY INSURANCE

is the up-to-date means of meet-  
ing this situation



FULL DETAILS  
to employers on request

THE PRUDENTIAL  
INSURANCE COMPANY  
OF AMERICA

EDWARD D. DUFFIELD, President  
Home Office: NEWARK, N. J.

## Carry Your Salesroom to Your Customers with an



General Electric Kitchens, Singer Sewing Machines and Toledo Scales are among the innumerable products displayed and sold in custom-built Aerocar Sales Coaches. For publicity value and convenience the Aerocar is unequalled. Let us show you how an Aerocar can solve your merchandising problem. Write for information.

**AEROCAR COMPANY OF DETROIT**  
4815 Cabot Ave. Detroit, Michigan

The luxurious Aerocar Land Yacht for your personal use — business or pleasure. Write for illustrated literature and prices.

For those who—

## Chart the Course of Business

Do you chart your own sales or production curves against Business Week's Weekly Index of Business Activity? Or do you like to keep a running chart of general business activity without reference to your own results? In either case, you'll want the consolidated chart of business activity, from 1929 through 1935, just prepared by Business Week's editors. 1936 is left blank, for you to fill in each week.

Simply write to the Editor, Business Week, tell him how you use the Weekly Index, and we'll mail the chart to you.

**BUSINESS WEEK**

330 W. 42nd St., New York City

but nerves in the oil industry are still jumpy. Sec. Ickes has before him allegations that heavy shipments of Rodessa oil are being slipped across to East Texas refineries. A leading East Texas plant is said to have been offered Rodessa oil at \$1.15 per bbl., or 20¢ under the posted prices.

Meanwhile various complementary phenomena appear in Louisiana. On Mar. 24 Rodessa was flabbergasted by an order (signed by the conservation director and others) allowing the Pelican Oil & Gasoline Co. to produce 20,000 bbl. per day for 60 days.

Since this company alone received the benediction, it provoked some nasty remarks about political favoritism. It raised Pelican's allowable production to some 1,538 bbl. daily, while the field allowable was only 400 bbl. Pelican stepped up production. By Apr. 1 the howl of competitors became so loud that Gov. James A. Noe cracked down with a cancellation. Pelican ceased production and announced demurely that it would remain dormant until it made up

for its production beyond the regular 400 bbl. But Gov. Noe steps down next month for Governor-elect Leche, who has not declared his petroleum policy.

Crude overproduction in the Mid-Continent would complicate a ticklish statistical problem confronting the industry. The American Petroleum Institute committee on supply and demand appraises (in a recent report) the results of an unusually severe winter. Great amounts of crude were run to stills to meet home-heating and industrial fuel demands. This involved production of gasoline at the same time. Snowblocked railroads and ice-blocked harbors prevented delivery of gasoline to secondary storage points. Together, these conditions produced an all-time high of 74,000,000 bbl. of gasoline in storage on Mar. 31.

The committee says "liquidation of 23,000,000 bbl. will be necessary between March 31 and September 30 of this year" unless the industry wants to enter the 1936-1937 winter season with a large part of the present inventories.

## Scrappers Scrap Housing

**Fight between two schools of President's advisors seems to doom any legislation in this session. FHA doesn't mind; Ickes does.**

No housing program of any kind is likely to come through in this session of Congress. Too much time has been lost in scrapping by the President's scrappy advisors.

In the hands of the dominant group, a scheme developed which gradually pushed low-cost public housing into the background.

This proposes, by a series of amendments to the National Housing Act (*BW*—Mar 7 '35, p. 32), to stimulate residential construction by extending the Federal Housing Administration's mutual insurance system to include mortgage loans up to 90% of appraised value. The object is to bring more money into home-mortgage financing without involving the federal government in any large outlay.

Now that proposal has been countered by savings and loan associations and other home-finance institutions of the building-and-loan type. They object to the attraction which FHA's system has for the commercial banks. They would have the Home Owners' Loan Corp. buy second mortgages, using its \$300,000,000 of unused borrowing power to raise the money.

The attraction of this scheme is that it would bridge the gap between the first mortgage and the extremely small equity that most families can raise as a down payment, without increasing the risk to the home-financing institution.

In defense of having the government hold the bag, it is argued that Uncle Sam would, at least, know the exact amount that he is gambling, that he would lose less in the long run than if FHA's mutual mortgage insurance system goes bust, and that, after all, \$300,000,000 is a small price to pay for getting residential construction started.

The second mortgage would run at 5% until the first mortgage was paid off, in 15 years or thereabouts. Without an insurance premium, which brings the effective interest rate on FHA mortgage loans up to 6.24%, this would discourage banks and other lending institutions, which now are doing a steadily increasing volume of business on FHA terms.

## HOLC Approves Plan

The proposal has the tacit endorsement of John H. Fahey, chairman of HOLC. He believes that home financing should be left to institutions of the time-deposit type. The proposal would mesh nicely with the federal savings and loan system and convert HOLC, now starting down the long road of liquidation, into an active underwriter of home building.

But the primary objectives of FHA are to eliminate double mortgages, consolidate the loan at a figure high enough to stimulate home building, and cover the added risk and attract more financial



*Streamlined for style...*  
CHALLENGING THE FIELD OF LOWEST PRICE



**now!**

**A 1½ TO 2 TON GMC  
PRICED WITH THE LOWEST**

Truck buyers with 1½-2 ton loads to haul are urged—in the interest of their greater profits—to see, compare and weigh the downright value of this many-feature quality GMC. There is new streamlined appearance and there are refinements throughout that assure greater economy, improved performance and longer life.

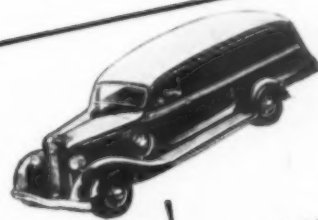
**\$525**  
EXACTLY THE PRICE

### *Trucks of Value*

Throughout the whole wide range of GMC trucks and trucks with GMC trailers, buyers will find values that challenge the field. Each vehicle, within its own capacity range, is correctly powered, balanced, styled and engineered to fit exactly.

### **Sensational Dual Performance**

GMC Dual Performance Axles, now available in the 1½ to 6 ton ranges, save as much as 28% on gas, reduce upkeep costs, save oil, save time and lessen wear. Ask for the facts!



**now! a new GMC  
½ TON DELIVERY TRUCK**

A truck big enough and sturdy enough to accommodate a body 7 feet 5 inches in length. A truck so distinctive that every owner will be proud to have his name grace its sides. A truck purposely engineered for greater economy, improved performance and longer life. And priced extremely low.

**\$425**  
EXACTLY THE PRICE

Time payments available through our own Y. M. A. C. plan

# **General Motors Trucks and Trailers**

GENERAL MOTORS TRUCK COMPANY, PONTIAC, MICHIGAN ½ TO 15 TONS



## FOR Mineral Industries

From Hercules laboratories have come new industrial explosives and methods of manufacture and testing that have contributed immeasurably to improvements in mining, quarrying, and construction methods.

Similar thorough research has made other Hercules chemical products and processes available to scores of industries, with the same far-reaching benefits to their businesses.

● **Some Hercules Products:** Cellulose Products . . . Rosin, Rosin Derivatives, Spirits of Turpentine, Pine Oil . . . Chemical Cotton . . . Paper Makers Chemicals . . . General Industrial Chemicals . . . Commercial Explosives, Sporting Powders.

● **Some Industries Using Hercules Products:** Textile, Paper, Construction, Plastics, Metallurgical, Disinfectant, Insecticide, Paint, Varnish, Lacquer, Soap, Synthetic Fibres, Mining, Quarrying, Foundry, General Chemicals.

### Send for Booklet

HERCULES POWDER COMPANY  
INCORPORATED  
Wilmington, Delaware



Please send booklet describing your products for .....

Name.....

Address.....

Company.....IN-43-B

institutions into the home finance field by insuring the mortgages. Hence the Fahey plan has split the President's advisory group.

In one camp are Stewart McDonald and his colleagues in FHA, also Sec. Morgenthau and Gov. Eccles, of the Federal Reserve, who want to encourage banks to place some of their surplus funds in amortized mortgages. In the other are Fahey, Chairman Jesse Jones of the Reconstruction Finance Corp., and Sec. Ickes.

#### FHA Outpoints Ickes

Ickes and the big money-changers are strange bedfellows indeed. The explanation is simply a common cause against FHA, which is demonstrating that large-scale housing projects can be built, without subsidy, to rent at figures which in many cases are as low as Ickes' Public Works Administration has been able to achieve with a subsidy of 45%.

Unless President Roosevelt is able to cut through this conflict of ideas, nothing can be gained by throwing them at Congress. Doubtful concerning the outcome, FHA now seems disposed to carry on this year under its present law without reaching out for amendments to extend its operations.

Its volume of business is bound to expand anyhow, and if its lever fails to stimulate as much new home building as hoped for, circumstances next January may be more auspicious for submitting its proposals to Congress.

Neither HOLC nor PWA's housing division, however, has much to hope for in the future. HOLC has finished mopping up distressed home mortgages. PWA is building 50 low-rent housing projects costing \$130,000,000, with no more money in sight unless Congress provides another appropriation or earmarks relief funds for this purpose.

An appropriation of \$51,000,000 is sought in the Wagner bill (BW—Apr 11'35,23). The hearings, beginning Apr. 20 before the Senate Committee on education and labor, will bring out strong support for the bill from public housing advocates, who are still hopeful that their enthusiasm will woo practical support from President Roosevelt.

### Hopkins Hard Up

**Running very short on relief money. Other agencies are nailing their funds down.**

APART from such political capital as may be got out of it, the Administration's request for more relief money does not furnish much room for argument. The simple fact is that Harry Hopkins has hardly enough money left to turn around on.

The situation is even more serious than President Roosevelt revealed in his



**AWAY DULL CARE** — Harry Hopkins, who handles hundreds of millions of dollars for the government, steps up to the window at Bowie racetrack to place a small bet on the ponies.

recent message asking for an appropriation of \$1,500,000,000. His estimate that out of last year's appropriation of \$4,880,000,000 only \$1,000,000,000 will remain on July 7 is verified by the current rate of expenditure. The unexpended balance on Mar. 31 was \$2,061,487,842, and expenditures are averaging \$10,540,000 a day.

#### WPA in the Hole

And the situation of the Works Progress Administration is much more significant than the general situation of the government agencies that have received allotments under the emergency relief appropriation act. On Mar. 31, WPA had a balance of only \$583,500,471. At its present rate of expenditure of \$6,470,000 a day, this would be completely gone by June 29, but Hopkins is planning to stretch his budget by reducing payrolls.

Seasonal work in agriculture and construction will ease the load during the summer, but even with the new appropriation of \$1,500,000,000 for WPA, Hopkins' cash drawer will be empty again next spring.

Employment in other government agencies is expanding slowly, but inclusion of their funds in the total available for work relief is misleading, because it is WPA that carries the load.

Approximately \$1,110,000,000 has not been obligated by the agencies to which it was allotted, as of Mar. 31. Of this, \$371,573,000 is credited to WPA, the rest to other agencies.

In asking for \$1,500,000,000 in new money for WPA, the President also requested that Congress remove its earmarkings on old money. This will

enable him to divert more funds to WPA. But anticipating this, other agencies are nailing down their funds as rapidly as possible.

In only one direction is Congress likely to place any limitation on the President's freedom of action. This would prohibit him from allotting any funds to projects which cannot be completed within one year. It is aimed against the Florida canal and the Passamaquoddy tide power project.

There is no indication that the President will accede to the demand of the public works bloc in Congress for continuing the Public Works Administration's program of grants and loans for municipal public works.

The bloc circulated a petition this week asking President Roosevelt to earmark \$700,000,000 for PWA out of the appropriation of \$1,500,000,000 which he has recommended for WPA. This was regarded as presaging a revival of last year's contest between Administrators Hopkins and Ickes for funds.

Ickes denied he was connected with the drive, but at the same time he issued figures to show that the annual cost per man was less on PWA jobs than on WPA.

## Battle of the Books

**Macy's jolts publishers by issuing good-looking editions of standard works very cheap.**

INTO the publishing business last week marched the country's most aggressive retailer. And once again a long-bearded New York book trade reviled the name of R. H. Macy & Co.

It wasn't only the fact of Macy's new private-branding venture that rankled—it was the way in which Macy's made the move. Almost every phrase in the first advertisements for the "Macy Classics" had a special barb in it.

For example: "Good books ought to cost the consumer less . . . sell at a low cash price so as to assure large editions." Such statements epitomized Macy's bookselling policy, brought back memories of bitter NRA fights to force a code prohibition of below-cost selling—the only time Macy's has been licked. More poignantly, they reminded the trade that it was Macy's, in a court fight with Doubleday, Doran & Co., which three months ago knocked a vital section out of the New York fair-trade act for price protection (BW—Jan 11 '36, p10).

The Macy Classics (13 standard works like "Tom Sawyer" and "Oliver Twist," well printed, well bound, and cellophane-wrapped, set something of a new high in physical quality for books published to sell at a rock-bottom price (98¢ each; \$11.89 for the full set). Designed by Joseph Meyers of the

# Do You Know the reasons Why The Trend To Dictaphone Sweeps On

Even more arresting than the mounting sales of Dictaphone are the matter-of-fact reasons for them. Many of these are covered in a booklet that's easy to read. It explains how executives double their ability to get things done with this modern dictating instrument. It illustrates by example how improved thinking, improved office control, improved flexibility throughout the staff—all

march into an office on the heels of Dictaphone.

The booklet's title is "What's An Office Anyway?" The coupon below will bring it to you. And after you've read it, a working demonstration of Dictaphone in your own office is yours to command. Mail the coupon now—and take a look *behind* the rising trend to Dictaphone!

**F. M. Cross, President**  
Columbia Life Insurance Company  
Cincinnati, Ohio

**W. R. Bimson, President**  
Valley National Bank  
Phoenix, Ariz.

**Kelsey F. Lingo, Sec'y Sales Mgr.**  
G. F. Heublein & Brother  
Hartford, Conn.

**SOME IMPORTANT BENEFITS of Dictaphone:**  
You and your secretary do a day's work apiece, independent of each other's convenience. You double your capacity to get things done. Record telephone instructions beyond question or slip. Pin down valuable ideas immediately. Make your own instructions clear and alibi-proof.

**DICTAPHONE**

The word DICTAPHONE is the Registered Trade-Mark of Dictaphone Corporation, Makers of Dictating Machines and Accessories to which said Trade-Mark is Applied.

**Some Companies That Have Recently Swung To Dictaphone**

Lawrence Warehouse Co.,  
San Francisco, Cal.  
Interwoven Stocking Co.,  
New Brunswick, N. J.  
Board of Education, Minneapolis, Minn.  
Phillips Packing Co., Cambridge, Md.

Dictaphone Sales Corporation

BW-4

420 Lexington Avenue, New York, N. Y.

In Canada—137 Wellington St. West, Toronto

☐ I want to see your representative

☐ Please send me my copy of "What's An Office Anyway?"

Name

Company

Address



① "FRED SMITH WRITES ME on his road trip that substitution is cutting in pretty bad. Believes it's because people can't easily locate our dealers."



③ "HERE'S HOW IT WORKS. We can put our trade mark in the classified. Our dealers would be listed underneath."



④ "LET'S GO IN ON IT. And let's buy this service in telephone books to match our distribution exactly."



## How LEONARD REFRIGERATOR makes its dealers easy to find

In classified telephone books where-ever Leonard has distribution, its authorized dealers are identified under the well known trade mark as shown above. In Leonard advertising, the prospect is referred to these listings—and quickly finds "Where to Buy It."

Have you received the booklet that tells the whole story as it applies to your business? Communicate with American Telephone & Telegraph Co., Trade Mark Service Division, 195 Broadway, New York, or 311 West Washington Street, Chicago.



② "MAYBE HE'S RIGHT. Looks like 'Where to Buy It,' in classified telephone books, might be the answer."



Three Sirens Press, they were obviously intended to satisfy not only the culture-hungry class, but also those who want something ritzy on the library shelf to impress their guests.

That's what worries the publishers now catering to the vast reprint market. Some of their volumes at comparable prices don't look so good in contrast. And thriving as the reprint business is, it is already overcrowded.

A quarter of a century ago, when Macmillan's, the Oxford University Press, P. F. Collier, and a few other big houses began publishing classics for the masses, pickings were plentiful and profitable. Reprints of popular current fiction at 75¢ to a dollar made their debut under the auspices of Grosset & Dunlap and the A. L. Burt Co. Then along came the Modern Library with its 90¢ editions of notable books (usually about 50¢ at Macy's).

### Non-Fiction Reprints Arrive

Soon the idea caught hold of reprinting current non-fiction works after the original titles had exhausted their high-priced market. With its Star Dollar editions, Doubleday, Doran & Co. pioneered in the field. Other publishers were glad to sell the company their plates for a 10% royalty (which they split with the author) on reprint sales.

The big sales invited competition. Dodd, Mead; Harcourt, Brace; Little, Brown; and Harper's joined forces to issue the \$1 Blue Ribbon reprints, and later Jean Reynal, manager of Blue Ribbon, took over the business.

New promotion angles were introduced by Max Solop, of Manhattan and the Bronx, who got the idea of unloading remainder stock on barber shops, drug stores, beauty parlors, and third-rate department stores in small towns. From that point, he progressed to the purchase of plates and the re-issuance of old titles that publishers had long since written off as dead. Somehow, Max could breathe the breath of sales into them.

### Macy's Caps Climax

It remained only for a department store or some other mass distributor to get into the business on a private-brand basis. Now even that is done. As a matter of record, that milestone was passed some five years ago, when Macy offered its Black and Gold library to a price-conscious public.

That, however, was distinctly a one-shot venture, and the impetus for it came not from a retailer but from a publisher, Horace Liveright. Now it appears that Macy is in the reprint business for good—and doing quite well, thank you.

And the weary book trade wonders just how much longer the already weakened public confidence in publishers' prices can stand up under the assault.

## xabcde

### Congressman offers algebraic formula to figure tax under President's plan.

WASHINGTON (Business Week Bureau) —The House Ways and Means Committee room resembled nothing more than a radio broadcasting studio, during the hearings that preceded the committee's present efforts to draft a tax bill.

The committee was the equivalent of a studio audience. The protesting witnesses were talking more to the people than to the committee—attempting to stir up public disapproval of the bill.

Few tax experts appeared. They were saving their breath for the Senate Finance Committee, which will really draft the bill.

### Crowther Gets a Laugh

Rep. Frank Crowther of New York, a Republican member of the committee, got a laugh by introducing an algebraic formula which he said a corporation might have to use in figuring its undistributed earnings tax under the President's plan.

His formula, which he credited to a statistician, was recommended for meshing the schedule of tax graduations with the actual proportion of net income not distributed. The schedule was set up for round figures and hence would fit few actual tax bills without interpolation for figures that fall between brackets.

This is the formula:

$x$  = rate of tax on adjusted net income;  
 $a$  = percentage ratio of undistributed net income to adjusted net income;  
 $b$  = bracket percentage next smaller than "a";  
 $c$  = bracket percentage next larger than "a";  
 $d$  = rate of tax on bracket next smaller than "a"; and  
 $e$  = rate of tax on bracket next larger than "a".

Then:

$$x = \left[ \frac{a-b}{c-b} \times (e-d) \right] + d$$

An illustrative example worked out like this:

|   |          |
|---|----------|
| Adjusted net income.....  | \$10,000 |
| Undistributed net income....  | 2,200    |
| (a) Percentage ratio of undistributed net income to adjusted net income ..... | 22%      |
| (b) Bracket percentage next smaller than 22% .....                            | 20%      |
| (c) Bracket percentage next larger than 22% .....                             | 30%      |
| (d) Rate of tax on bracket next smaller than 22% .....                        | 3.5%     |
| (e) Rate of tax on bracket next larger than 22% .....                         | 7.5%     |

The tax rate

$$x = \frac{22-20}{30-20} \times (7.5-3.5) + 3.5,$$

$$\text{or, } \frac{2}{10} \times 4 + 3.5 = 4.5$$

The tax, therefore, would be 4.5% of \$10,000, or \$450.

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### Contents

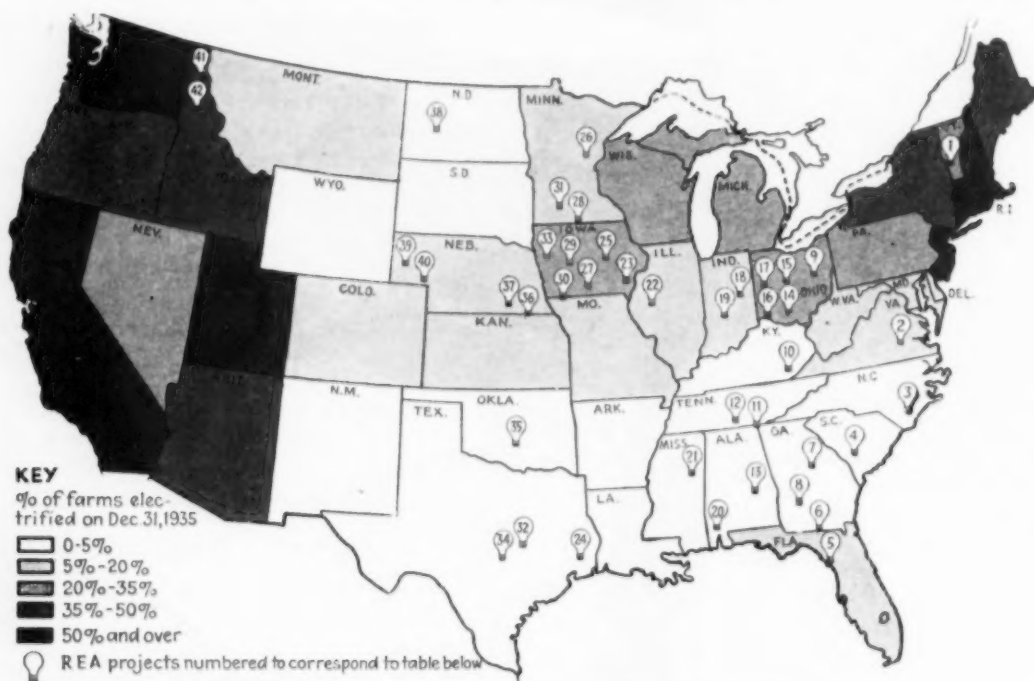
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# ELECTRIFYING FARMERS



## Approved Rural Electrification Administration Projects

| Project Number | Holder   | Miles of Line | Farms Served | Amount    | Power Source     | Retail Rate* | Territory†                   |
|----------------|--|---------------|--------------|-----------|------------------|--------------|------------------------------|
| 1.             | Plymouth Electric Light Co.                        | 20            | 73           | \$ 19,000 | Cent. Vt. P. S.  | .....        | Vicinity of Plymouth, Vt.    |
| 2.             | Farmers Rural Utilities, Inc.                      | 406           | 1,511        | 366,800   | Va. El. & Pr.    | \$4.80       | Four Virginia Counties       |
| 3.             | Tide Water Power Co.                               | 128           | 1,000        | 142,500   | Own Stations     | .....        | Eastern N. C.                |
| 4.             | South Carolina Rural Electrification Authority     | 511           | 2,128        | 542,328   | Private          | 4.65         | 22 Counties in S. C.         |
| 5.             | Florida Power Corp.                                | 184.6         | 455          | 164,500   | Own Stations     | 6.10         | Northern and Western Fla.    |
| 6.             | Georgia Pr. & Lt. Co.                              | 99.1          | 663          | 109,200   | Own Stations     | 4.83         | Eleven Georgia Counties      |
| 7.             | Rayle Electric Assn.                               | 11.2          | 53           | 12,000    | Municipal        | 5.00         | Wilkes, Ga.                  |
| 8.             | Crisp County Farmers' Cooperative Corp.            | 84            | .....        | 85,000    | Public           | .....        | Crisp, Ga.                   |
| 9.             | Lorain-Medina Rural Electric Cooperative           | 168           | 654          | 232,700   | Municipal        | 4.98         | Lorain and Medina, O.        |
| 10.            | Ky. Rural Electrification Co.                      | 38.7          | 360          | 71,700    | Private          | 5.50         | Fleming, Lee, Owsley, Ky.    |
| 11.            | Meigs County Electric Membership Corp.             | 78.6          | 545          | 92,200    | T. V. A.         | 3.50         | Meigs, Tenn.                 |
| 12.            | City of Dayton, Tenn.                              | 38.9          | 215          | 38,058    | T. V. A.         | 3.50         | Rhea, Tenn.                  |
| 13.            | Lee County Power Assn.                             | 73.9          | 227          | 72,000    | Municipal        | .....        | Lee, Ala.                    |
| 14.            | Champaign County Rural Electric Cooperative        | 440           | 1,925        | 595,000   | Municipal        | 4.95         | Champaign, O.                |
| 15.            | Logan County Cooperative Pr. & Lt. Assn.           | 215           | 860          | 225,000   | Municipal        | 5.70         | Logan, O.                    |
| 16.            | Miami Rural Elec. Cooperative                      | 193           | 690          | 254,000   | Municipal        | 4.80         | Miami, O.                    |
| 17.            | Shelby Rural Electric Cooperative                  | 270           | 1,005        | 350,000   | Municipal        | 4.80         | Shelby, O.                   |
| 18.            | Bluffton (Ind.) Municipal Lt. & Water Works        | 15            | 81           | 17,100    | Municipal        | .....        | Wells, Ind.                  |
| 19.            | Indiana State-wide Rural Electric Membership Corp. | 587           | 2,200        | 567,926   | .....            | 4.95         | Boone, Ind.                  |
| 20.            | Clarke-Washington County Power Assn.               | 58.4          | 267          | 65,000    | Ala. Power Co.   | .....        | Clarke and Washington, Ala.  |
| 21.            | Monroe County Electric Power Assn.                 | 55.3          | 361          | 81,000    | T. V. A.         | 3.50         | Monroe, Miss.                |
| 22.            | Suburban Elec. Corp.                               | 98            | 300          | 81,500    | Private          | .....        | Know, Peoria and Stark, Ill. |
| 23.            | Scott County Rural Elec. Cooperative               | 265           | 900          | 250,000   | Private          | .....        | Scott, Ia.                   |
| 24.            | East Texas Utility Corp.                           | 254           | 1,460        | 214,000   | So. West G. & E. | .....        | Ten counties in eastern Tex. |
| 25.            | Boone Valley Elec. Cooperative                     | 40            | 118          | 45,000    | Municipal        | .....        | Wright, Ia.                  |
| 26.            | Farm Electric Service Co.                          | 100           | 300          | 100,000   | Minn. Pr. & Lt.  | 6.45         | Aitkin, Minn.                |
| 27.            | Central Iowa Power Co.                             | 3             | 50           | 6,100     | Private          | 5.04         | Dallas, Ia.                  |
| 28.            | McLeod Cooperative Power Assn.                     | 636           | .....        | 650,000   | .....            | .....        | 6 counties in Minn.          |
| 29.            | City of Gowrie, Iowa                               | 26            | 74           | 26,000    | Municipal        | .....        | Webster, Ia.                 |
| 30.            | Corning Municipal Utilities Co.                    | 110           | 355          | 120,000   | Municipal        | .....        | Adams, Ia.                   |
| 31.            | Meeker Cooperative Lt. & Pr. Assn.                 | 420           | 1,300        | 450,000   | Municipal        | .....        | Meeker, Minn.                |
| 32.            | Bellfalls Lt. & Pr. Co.                            | 300           | 870          | 452,000   | Diesel Plant     | .....        | Bell, Falls, and Milan, Tex. |
| 33.            | City of Hawarden, Iowa                             | 150           | 300          | 127,500   | Municipal        | .....        | Sioux, Ia.                   |
| 34.            | Bartlett Community Lt. & Pr. Co.                   | 30            | 110          | 33,000    | Municipal        | 8.11         | Bell & Williamson, Tex.      |
| 35.            | Earl W. Baker Utilities Co.                        | 30            | 155          | 30,000    | Private          | 5.60         | Okla. and Canadian, Okla.    |
| 36.            | Southeastern Nebr. Public Pwr. Dist.               | 450           | 1,117        | 440,000   | .....            | 5.93         | Gage, Neb.                   |
| 37.            | Lancaster County Public Power Dist.                | 354           | 900          | 396,000   | Public           | .....        | Lancaster, Neb.              |
| 38.            | Northwest Rural Electric Co.                       | 115.2         | .....        | 146,000   | Mont.-Dak. Pwr.  | .....        | Northwestern, N. D.          |
| 39.            | Roosevelt Rural Public Power Dist.                 | 226.5         | 839          | 310,000   | Public           | 5.50         | Scotts Bluff and Sioux, Neb. |
| 40.            | Gering Valley Rural Pub. Power Dist.               | 47            | 143          | 65,000    | Public           | 5.50         | Scotts Bluff, Neb.           |
| 41.            | Northern Idaho Rural Elec.-Rehabilitation Assn.    | 35            | 72           | 35,750    | Private          | 6.60         | Bonner and Boundary, Id.     |
| 42.            | Northern Idaho Rural Elec.-Rehabilitation Assn.    | 40            | 248          | 54,000    | Private          | 6.60         | Bonner and Boundary, Id.     |

\*Tentative monthly charge for first 100 kw.-hr. †Counties unless otherwise specified.

Business Week

ON PAPER—Plans for allotting the first \$8,000,000 of REA loans spot two score projects on the farm power map, shaded here to indicate percentage of farms already provided with power. The

modified Norris bill gives REA more time and money to bring electricity to more farms. Private interests furnish practically all of present service, REA remaining largely project.

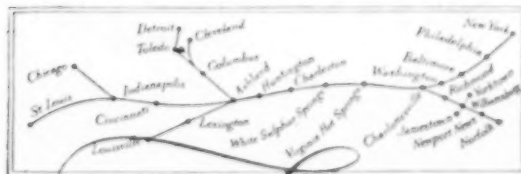


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## Laundry Bond

**New insurance scheme of Bag O' Wash group is impressive but may increase loss claims.**

A NEW kind of surety bond for laundries, ostensibly for protecting customers' goods but actually for public relations purposes, makes swell advertising copy if nothing more for the 12 Kansas City laundries that comprise the Bag O' Wash marketing group.

In addition to the customary fire and theft insurance on bundles a supplemental surety bond guarantees laundry customers they will be promptly reimbursed for shortage and for fading, shrinkage, and other damage to articles during the laundering or cleaning process. This bond is played up in the Bag O' Wash newspaper advertising.

### More Claims Possible

While bonding is probably good commercial psychology, reassuring prospective and present customers who may at some time have experienced claim-adjustment trouble, some features of the promotion scheme are apt to cause an abnormal increase in the total number of claims.

To render the laundry customer claim-conscious, an insurance certificate is stuffed into every homeward-bound bundle. It explains the coverage in simple terms, without fine print. But on its reverse side is printed, of all things, a blank form for reporting loss and damage claims!

Because approximately 10% of shortages reported to laundries are later cancelled by the customer on finding the "lost" article at home, even the most reputable laundries are in no rush to furnish claim blanks immediately after a loss report.

Laundry-owners have reasons to believe that another 10% are found but not reported. A brand-new four dollar shirt (as described on a claim blank) sometimes turns out, when recovered, to be a dollar shirt and a bit frayed at that.

### Eliminating Trouble

Actually this new laundry surety bond, prepared by the Western Casualty & Surety Co., guarantees nothing more than any good laundry does in the way of handling claims. According to the bond, adjustments for shrinkage and fading are made only on those fabrics carrying manufacturers' guarantees. This automatically eliminates 90% of the trouble from that source.

Laundry-owners say they are tired of being the repository for all the mistakes of the textile industry. If the mills and dyers will not stand back of cheaply dyed fabrics, excessively stretched in finishing, neither will the laundries nor the bonding company.

Since the introduction of the San-

forized pre-shrinking process, laundries have had fewer shrinkage claims on men's garments as well as cotton goods generally.

Dry cleaners, however, owing to fabrics and styles, are having more trouble than ever with shrinkage of both silks and acetates. A one-half inch shrinkage or stretch at the hips on a form-fitted dress is more noticeable than three inches of variation would have been a few years back.

## All in One Basket

**Commodity exchange bill lumps all commodities together. Sen. Smith wants cotton to get his separate crusading treatment.**

The perennial commodity exchange regulation bill, now three Congresses old, is about to make this year's appearance before the Senate.

It is scheduled to follow on the heels of the special cotton price investigation, which has been conducted in an embattled atmosphere by Sen. Smith, chairman of the Senate Agriculture Committee.

### As Usual

As usual, the success or failure of the commodity exchange bill this trip depends largely on Sen. Smith, who is a specialist in cotton affairs and doesn't want cotton tangled up with the miscellaneous plebeian commodities in which he has no interest.

The bill has been passed by the House. In its present form it throws wheat, cotton, rice, corn, oats, barley, rye, flaxseed, grain sorghums, mill feeds, butter, and eggs into the same basket and provides for a commission to rule all exchanges trading in any of these commodities.

That's the way the Administration wants it. The flour millers and the grain and cotton brokers oppose it. So do the spot cotton houses, although they prefer this tightening of commodity exchange regulation to the much more drastic changes Sen. Smith wants in the Cotton Futures Act.

### Power for Secretary

The bill would put brokers conducting futures business pretty much under the thumb of the Secretary of Agriculture. The processing and handling trades would be allowed unlimited hedging facilities.

Quite indignantly the Chicago Board of Trade, the flour millers, and other groups declare that the bill would squelch speculation and leave no one willing to take the hedges.

Meanwhile Sen. Smith and a minority group of cotton exchange commission men are crusading against the two large spot cotton houses of the country. They



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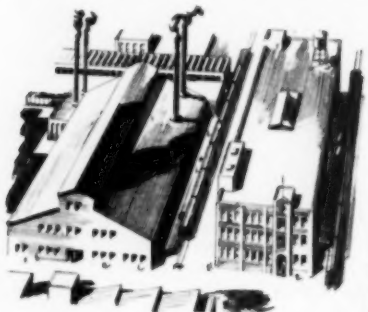
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have contrived some changes they would like to force on the New York Cotton Exchange, one of which is the limitation of hedging facilities in order to curtail large positions by spot houses, and these changes do not jibe with the commodity exchange bill.

Right now Sen. Smith's ideas are incorporated in amendments to the commodity bill and he is insisting that they be retained and that the Cotton Futures Act be kept separate as the control mechanism of cotton trading. Other senators believe these amendments jeopardize the bill's chances. Eventually, the prediction is, the Administration will muffle the cotton senator and get the aged bill through.

## China in Wall Street

**Central bank opens agency there, cooperating with U. S. in fostering trade.**

LAST year, in the midst of the domestic currency mess caused by the silver-buying program of the American government, China abandoned the silver standard, created a central bank of issue to be known as the Bank of China, and set about creating a managed currency.

Last week, the Chinese took another step in the currency program. The manager of the Bank of China, accompanied by financial leaders from Shanghai and Nanking, conferred in Washington with United States Treasury officials, and as a result China announced that an agency of the Bank of China would be opened at 40 Wall Street, New York, with H. D. R. Burgess and C. H. Wang as joint managers.

Four reasons are given for this. It will make it possible for executives in both China and the United States to handle commercial transactions readily; it helps the Nanking government carry out its plan for a managed, paper-standard currency; it provides a medium through which to conduct negotiations



*Business Week*

**RICE PLANTER, NEW STYLE**—A large part of California's 120,000 acres of rice will be planted from the air this year. Seed is caught in the propeller stream, sowed evenly in a 65-ft. strip. By old methods, sowing 30 acres took a whole day; this way 40 acres takes 8 minutes.

between the two governments in case there are further silver deals or large transactions involving other commodities; and finally it provides a link between the two governments in carrying out mutual financial policies.

Business is pleased. A year ago the National Foreign Trade Council sponsored an economic mission which thoroughly investigated trade conditions and commercial prospects in the Orient. It had the unofficial backing of Washington. The silver-buying program was at that time causing all kinds of trouble in China, but apparently no more silver will be bought in any country where the purchases have unsettled business. Now Washington is openly encouraging closer ties.

## 21 Nations—A New League?

**United States and Latin American countries will hold conference in Buenos Aires. Preservation of peace is first question, economics is next.**

LEAGUE of Nations deliberations at Geneva will hold the limelight for the next few weeks because they may wind up the Italo-Ethiopian adventure and will probably decide how far Great Britain and France are going to cooperate in the future. Before the end of May, the plans for a separate League of the 21 nations in the Pan American Union will share world attention. President Roosevelt's proposal for a

conference of these nations has been well received throughout Latin America.

The conference will be held in Buenos Aires, probably late in July or in August. The program is being prepared now by a committee headed by Secretary of State Hull. Every discussion will focus around a plan "to consolidate peace."

Only the United States and Latin

America will participate, but there will be nothing in whatever plan is accepted that will conflict with the spirit of the Geneva League, nor will there be any restriction against the inclusion of other nations later.

Every country in the Pan American group has the right to propose topics which will be considered at Buenos Aires. Chile has already suggested that the program include economic questions. It definitely wants to carry the peace discussions to the point of creating a permanent American international court of justice.

Colombia, Guatemala, and the Dominican Republic have a plan for an American League of Nations which will pledge mutual aid in case of attack by a non-American power.

#### Argentina for Expansion

Argentina wants to extend the peace discussions to social, commercial, and economic subjects.

Only Paraguay has not yet accepted the invitation to the conference, and this is due to the rush of settling down under a new regime. No one doubts the Franco government will be represented when the conference convenes.

The make-up of the American delegation is still in the air, but Washington is confident that either Sec. Hull, already popular in South America, or his right-hand man, Assistant Sec. Sumner Welles, will head the delegates.

No business man familiar with Latin America is discouraged when told that economic matters will almost certainly be secondary in the deliberations. The Roosevelt good neighbor policy in Latin America, along with the reciprocal trade program, is beginning to bear fruit.

#### Up Go Exports

Exports to Latin America last year were 12% ahead of 1934. Cuba, the first country with which Washington signed a reciprocal trade agreement, took nearly 33% more goods from the United States. Argentina, Mexico, Chile, Ecuador, Peru, and Panama were other markets where American exports were in greater demand.

The conference is nearly sure to take up a consideration and revamping, or restatement, of the old Monroe Doctrine. But arbitration, conciliation, anti-war treaties, and measures against aggressors are going to be the main topics. If the 20 Latin American nations and the United States can come to some common agreement on this question of safeguarding peace, they will be better prepared to discuss economic problems at a later conference.

As business has observed with interest, Washington is stressing the fact that the new Assistant Secretary of Commerce, Ernest G. Draper, is to concentrate on the encouragement of our trade with Latin America.

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New styling for indirect lighting! That's what these new G-E Silver Bowl MAZDA lamps offer.

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G-E Silver Bowl MAZDA lamps are regular MAZDA lamps with a coating of "mirror" silver on the bowl. Available in sizes from 60 up to 500 watts.


these new lamps quickly restore initial efficiency; in some types of semi-indirect fixtures, they allow larger lamps to be used with comfort.

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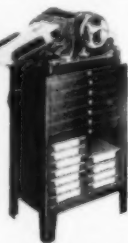
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## Touring Russia

**85 groups, including business men, organize in this country for summer travel.**

TRAVELERS are going to Russia this summer. More than 25,000 are expected by the Soviet Travel Trust, and more than a quarter of them will come from the United States.

They will go individually, or as members of 85 organized American groups already scheduled to visit Russia, or as passengers on one of the eight big European cruise tours which have included Russia in this year's itineraries.

A few of them will cross Europe and Asia on the Trans-Siberian line. Traffic over this route is already double the figure for last year.

Mixed with the tourist crowd, who simply wish to see Moscow's famous marble-lined subway, a collective farm, or a Volga boatman, will be sociologists and economists, led by such old hands as Louis Fischer, Julien Bryan, Sherwood Eddy, Dr. Bernhard Ostrolenko, and Prof. Goodwin Watson.

Sailing in mid-July under the direction of A. K. Dawson will be a group, including many business men, who will spend 30 days touring the main industrial and commercial centers in European Russia, with some time at the celebrated resorts along the Black Sea and in the Caucasus.

Intourist, Inc., representatives for this country and Canada of the State Travel Bureau of the U. S. S. R., are doing a new kind of advertising this year. Heretofore, giant steel mills and huge power projects were features of their advertisements. This week, in a half-page display in metropolitan newspapers, they showed the influence of capitalistic advertising. Looking for all the world like Miami beach bathing beauties, 34 Soviet maidens in athletic shorts and middies recommend the Soviet Union to the summer nomad.

## Big Oil-Burning Year

OIL-BURNER manufacturers held the largest show in their history this week at Detroit, under the auspices of the Oil Burner Institute. There were 73 exhibits of domestic oil-burners, air-conditioning systems, and burner accessories.

The industry is aglow with confidence, convinced that it will sell 200,000 units this year, far more than in 1935, when it sold 145,000. It expects a record business because the volume of building is rising, people have more money to spend, and the recent cruel winter has determined them to do whatever they can to make future winters comfortable.

In 1921 there were less than 13,000 homes with oil burners; today there are over a million.



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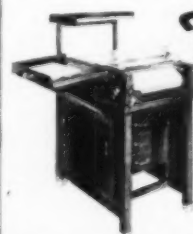
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# Business Abroad

**Europe will arbitrate major problems this year, postponing war. Business is booming in England, tense in Spain and the Orient, hopeful in Latin America.**

PEACE negotiations at Geneva will extend over a considerable period, allowing animosities to cool and compromise measures to receive a full airing. France's counter proposal to Berlin is old and idealistic, but it may receive more serious consideration than seemed probable last week. There seems to be little doubt that France is in the position of having to decide whether it is willing to negotiate with Germany or whether it prefers to resort to war. Pierre Laval reflected majority opinion in France when he declared that the French must (and they prefer it) negotiate.

## Britain Tires of Rôle

Britain's sanctions policy has failed and the British public is tired of London's assumption of the rôle of "chief moralist" in Europe, in view of the danger of setting off a battle with Italy in the Mediterranean. There will soon be a change of government in London, and the beginning of a more conciliatory and realistic foreign policy.

Plans for the Pan American conference in Buenos Aires this summer, with the discussion of a League of Nations for the Western Hemisphere, have not gone unnoticed in either Europe or the Orient (page 42).

Belgium has terminated its monetary experiment, and the Belgian franc is once more on the gold standard 28% below its old value. As a part of the move, the Belgian Equalization Fund has been suppressed as useless.

The report of the government to the Belgian parliament on the use of its full powers in carrying out this financial maneuver is illuminating. Wholesale prices have increased 24½%, of which 20% is due to devaluation and the rest to the general price rise. Retail prices have increased 9.2% compared with

Mar. 15, 1935, but are still below the 1933 average. Interest rates are low, the budget situation is much improved, and the weight of taxation has been reduced by about 25%. Total salaries have increased 10% over 1934. Industrial production is 20.3% above the level a year ago, and general business activity has risen about 20% since the currency was devalued.

In view of the tense monetary situations in France, Switzerland, and Holland, and the genuine crisis which has developed in Spain, these developments are viewed with special interest by the public.

## Tourist Bait

Italy, bedeviled by lagging tourist business and a loss of normal exports due to the sanctions program, has decided to create a "tourist lira" worth 6.05¢, in contrast with official lira exchange of about 7.90¢. Old parity is 8.91¢. It is not unlike Germany's blocked mark arrangement. Tourist lire will be supplied to bona fide travelers at the rate of 250 lire per person per day.

Mussolini has put barter on a new scientific basis and is establishing a foreign trade program around the plan. Commodities eligible for barter business are classified in seven groups and only items listed can be bartered. The class

of goods, not the country from which they come, is the important matter.

Here are the seven classes; imports of oil seeds for cheese, rayon, and staple fiber; copra, vegetable, animal, and oil fats for rayon, staple fiber, waste rayon, chemicals, drugs, essential oils, machinery, scientific instruments, marble, alabaster, leather gloves, musical instruments, pottery, glassware, and chinaware; rubber, iron, steel scrap and meat extracts for preserved foods; cotton and cotton waste for wine, vermouth, liqueurs and silk manufactures; raw hides for other hides; jute for hemp and linen manufactures; egg yolks, olive oil, vegetable dye, vegetable fiber, animal hair, bristles, china, clay, asbestos, and cedar wood for any articles needed by the Italian army or industries and not otherwise listed.

## France

**Way is open for credit inflation. Trade agreement with United States is ready for signing.**

PARIS (Wireless)—France and Britain are less at odds than recent public utterances would indicate. Both are going to need to compromise, and both are prepared to do it, but they will be cautious to concede no more than is necessary. France can make no concessions in the face of an election, and it will be June before the new parliament assembles. Within this period developments in Ethiopia and in private conversations between diplomats may do much to smooth the way for a longer truce in Europe than seemed probable a few weeks ago.

Treasury bills are being passed on to the Bank of France for discount in increasing volume. The monetary crisis has passed temporarily, but the way is open for credit inflation. Paris is negotiating with Holland for a loan of 100



**WASHINGTON OF MANCHUKUO**—Built somewhat on the plan used in Washington, Manchukuo's new capital at Hsinking is almost a brand-new city. Hsinking formerly was a small railroad town at the connecting-point between the Chinese Eastern

and the South Manchurian lines. Japan's architects, shippers, and builders have done a fast job in creating the city, which features modern methods throughout. Back of Tatung Circle may be seen the huge State Council Building.

*Underwood & Underwood*

million guilders. This should help to strengthen the franc until after the elections.

Representatives of both the United States and France have completed their work on the new trade agreement and a detailed copy has been forwarded to Washington for final scrutiny. Paris expects it to be signed soon, possibly before the first of May.

Rumors abroad that Italy plans to build a strong fleet to dominate the Mediterranean are not accepted seriously in Paris. It looks like an effort to blackmail Britain into extending a credit to Rome to prevent such a menacing move.

## Germany

**Highway construction absorbs more jobless. Automobile industry is booming.**

BERLIN (*Wireless*)—Business is better this week, but there is some worry here over the threatening attitude of the French. Executives are aware that it is going to be difficult to reconcile German aspirations with French and British concessions, in spite of the present tendency of London to negotiate.

Employment received a boost in March with the resumption of the government's large scale roadbuilding program. More than 578,000 men found jobs with the return of spring, pulling the number of unemployed below two million again.

The automobile industry continues to be a highlight in the industrial picture. Production is still at record levels. Registrations in March were 26% above the number a year ago.

## Great Britain

**Business boom makes new highs in many lines. New gold mining development is planned in Tanganyika.**

LONDON (*Cable*)—The vile Easter weekend weather has momentarily tempered the business outlook in the transport and retail field, but it will soon pass, for Britain is in the midst of a boom which not even the serious political shocks of the winter and early spring have affected.

Steel production during the first quarter was nearly 20% ahead of last year, and March ingot output established an all-time high for any month, more than 980,000 gross tons. Blast furnaces as well as steel works are operating at practical capacity.

Automobile production is running far ahead of last year, and estimates now for 1936 are for a total output 10% ahead of last year.

Industrial share values reflect the op-

timistic outlook. Average price gains over the first three months of 1936 were 6%. There is still no evidence that the building boom is going to collapse.

There is now hope of a new and satisfactory railway wage agreement. Of the 2½% cut now remaining from the 5% originally imposed, a half will be restored, meaning about \$5,500,000 for the workers. There has been no real fear of a rail stoppage, but the possibility is there until the new agreement has been negotiated. Industrial unrest is more evident than it has been for some time. In South Wales, 20,000 miners were only persuaded at the last minute to withdraw strike notices.

Despite political talk of handing back the ex-German colonies, there is now definitely launched in Britain a new push to develop the gold field of Tanganyika. East African Gold Fields, Ltd., has made a public issue and their engineers and geologists declare that in East Africa they have a field equal to the Rand. Upon the exploration of this field, American and Canadian geologists and engineers and methods have been employed (not South African) and there is every expectation of a boom when the mines reach production.

### Ownership Won't Change

The entrepreneurs have no hesitation in laying out their money for they feel that the question of these territories' going back to Germany is academic. This view is not so strongly held in political circles, where it is believed that Britain may take an early opportunity of handing back her mandates to the League. This step may be accelerated by the desire to be free of political commitments in disputed areas before the vested national interest there is too large.

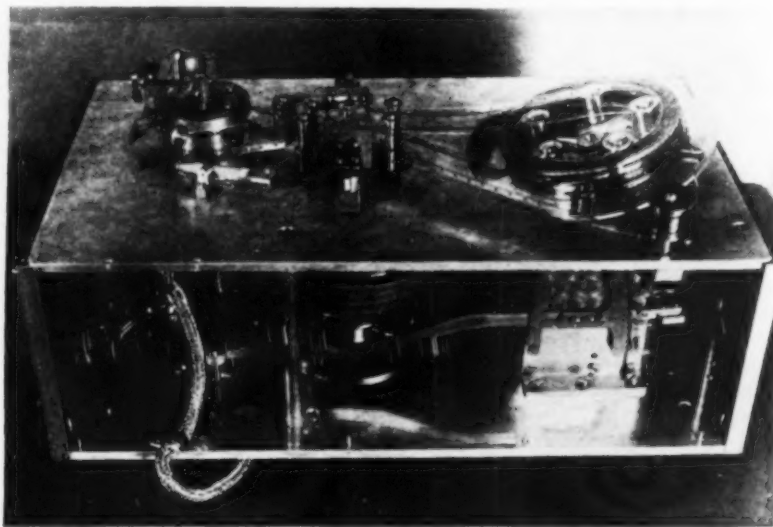
## Far East

**Japan resumes aggressive policy on Asiatic mainland. India will end Empire trade plan.**

SOUTH of the Great Wall there is a territory under Japanese domination extending to the outskirts of Tientsin and Peiping. It is called the East Hopei Autonomous Area, and is administered by Japanese-appointed officials.

This week the Autonomous government announced that it intended to join the Manchukuo customs union and that it would reduce import duties 75%. This means that the region is completely defying the central Chinese government at Nanking, that Japan is determined to incorporate the zone in the Manchukuo military front, that Japan probably is preparing to carry out its plan to detach all five of the provinces in North China and incorporate them in this area, that the new cabinet in Tokyo is no more able to resist the pressure of the army for further aggression on the continent than was the government deposed in February. For business, it means that Japanese exporters are going to have the same tariff preferences in this populous region in North China that they have gained in Manchukuo since they began their Asiatic expansion in 1931.

Most observers believe that Japanese military occupation of China will not stop short of the Yellow River, from which economic penetration toward the rich and populous Yangtze valley would be a simple matter. Confirming these aspirations is the report this week that the powerful Mitsubishi interests are convinced from experiments in cotton growing in the Yellow River valley that the region could supply Japan's Con-



**HUNGARIAN HINT**—Phonograph makers who have to combat the customer's desire to get away from the trouble of changing records might take a hint from this invention of Denes von Mihaly, Hungarian scientist. The "phono reel" uses film sound tracks instead of records, and by piecing several subjects together in a continuous double-roller arrangement, the annoyance of changing records is eliminated.



**CARDENAS WAS STRONGER**—Former President Calles was known as the "strong man of Mexico" to most United States citizens, until he was seized, popped aboard a plane and deported last week. President Cardenas (who used to be one of Calles' boys) showed he was the strong man.

tinental mills and possibly part of the domestic mills. The Japanese Spinners' Association in China has just revealed that Japan controls more than two million spindles in China.

Further evidence of the tie between Manchukuo and North China is the resumption on May 1 of through freight traffic by rail from Tientsin to Manchukuo.

### India Wants Trade Freedom

Germany and Japan, and to a lesser extent the United States, are interested in the decision in India recently to terminate Indian participation in the Empire trade agreements. They have not worked out to India's advantage. The Indian government wants a larger market in Britain for Indian cotton if the present preferences on British manufactured goods are to be continued. If this can't be arranged they want the freedom to bargain with other countries on a bilateral basis.

Britain will suffer most, for India is Britain's largest single market for manufactures. Germany and Japan are likely to benefit, for they are already making large trade gains in the Indian market.

## Latin America

**Mexico makes more plans to tempt tourists. Industries plan modernization programs.**

THERE has been no reaction on business in Mexico following the expulsion from the country of the former dictator, Calles. President Cardenas is thought to be fully in control of the situation by

those who know Mexico intimately. Re-opening of many of the country's churches with full government permission will help to win back sympathy abroad.

Mexico's bid for tourists continues. The National Railways have announced that 132 groups of Americans are already booked to visit Mexico during the spring. This compares with 60 group bookings a year ago. Train schedules are being speeded to give travelers more time in Mexico. The *Star Express* will cut running time from the border to the capital from 30 hours to 26; express service between Mexico City and Guadalajara is reduced from 15 to 12 hours.

At the same time, work on the new automobile highways is being pushed. The last bridge on the new highway to Laredo will be opened on Apr. 20. Ten thousand men have been employed to rush the highway to Guadalajara.

### Small Investors Attracted

Investments in Mexico are increasing. The government reports that 2,000 Europeans have filed applications for entry into the country, all of them with at least \$5500 for investment in new enterprises. Most of them are British, French, or German subjects.

The Mexican Light & Power Co., Ltd., a Canadian company operating eight hydroelectric projects in Mexico near the capital, has announced plans for a \$10,000,000 expansion program. American Smelting & Refining Co. is planning a new reduction and refining mill at Kildum gold and silver ore properties, to cost more than \$300,000.

The government is doing considerable buying for modernization. The National Railways have placed large orders for machine tools in the United States. Repair shops are being brought up to date and enlarged. The Ministry of Industry is buying equipment for converting an old armament plant into a factory which will turn out agricultural implements. More than 400 will be employed.

### Port Contracts Are Let

Contracts for port improvement have been placed. A Norwegian engineering firm will do the work at Progresso, and the Pacific Co., Inc., an American firm, will handle the work at Salina Cruz.

Greater world demand for metals is aiding Peru. Exports of petroleum last year jumped to nearly 17 million barrels, in comparison with 14 millions in 1934. As a result of higher prices and better demand for base metals, the Cerro de Pasco Corp. have decided to increase their facilities. A new 550-foot stack is to be constructed at the smelter at Aroya and the lead plant is to be quadrupled. The new plant, with a daily capacity of 100 tons of lead, will also recover percentages of bismuth, tin, and antimony.

## Canada

**Business thrives under new trade agreement with United States. Alberta will manage its own provincial bank.**

OTTAWA—Before adjourning for the Easter recess, Parliament passed the bill covering the United States-Canada trade treaty, and it received vice regal assent. Formal ratification of the treaty will not take place for some weeks as it has been forwarded to London for the signature of the King.

Border points in Quebec report a large increase in export of horses to the United States under the treaty. They are mainly draft animals for use on New England farms. Increase in export of Western cattle is disappointing, being far from the quota allowance.

Last act of Alberta's Social Credit legislature before winding up its session was to pass a bill giving the Aberhart government power to set up a provincial bank. Premier Aberhart intimates the bank will not be established for about a year. He hopes through its agency to secure for the government greater control of financial credit within the province. He is considering a suggestion for an interprovincial bank under an arrangement with British Columbia.

### Work for All

In an Easter message, Premier Aberhart voiced hope of having all of Alberta's unemployed working for wages in two months. He promises holders of Alberta bonds that the province will pay the principal of its debts in full.

Canadian prairie farmers will have an extra eight million dollars to spend this spring as a result of a bill passed by Parliament before Easter authorizing payment by the Dominion of that amount to equalize prices for grain received by pool farmers in 1930 in which year the Ottawa government intervened in the wheat situation.

Canadian retailers at border communities feared loss of business through the trade treaty but in some places it is operating in the opposite way. Windsor, Ontario, reports Detroit people crossing in considerable numbers to buy meats, groceries and other merchandise lower in price on the Canadian side. The Detroit Fire Commission has appealed to Detroit firemen to refrain from crossing to Canada for their household supplies and to "Buy American."

Consolidated Mining and Smelting Co. of Canada, large mining corporation operating in various parts of the country, had net profits of \$4,300,000 for 1935 or \$6.58 a share, compared with \$2,200,000 or \$3.75 a share in 1934. The company is considering construction of a large new mill on its property near Stewart, B. C., and another at Lake Athabaska in Northern Alberta.





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## AAA's New Disguise

**House passes Kerr bill, which may be model for "little AAA's."**

THE old AAA, recognized despite false whiskers and a putty nose, has been seen hovering around the old stand.

Last week the House passed the old gentleman in his new garb and under his new name. He came to the assembled representatives as the Kerr bill for the sanctioning of state compacts for the control of tobacco production.

Last January the Supreme Court presumably laid the AAA in its grave.

But soil conservation was not a wholehearted substitute for AAA and the Bankhead and Kerr acts which had implicitly gone down with AAA. It had gums, but no one claimed that the farm problem could be gummed to death.

Now comes the Kerr bill, which has teeth. It attacks only tobacco, but it is carrying the flag for any number of "little AAA's" that may come running after if the leader succeeds.

The Kerr bill recognizes, along with the Supreme Court, that farm production is a state matter. It imposes no federal scheme on citizens of states. It does, however, sanction state agreements for the cooperative control of crops.

The individual state that grows tobacco, for example, passes legislation compelling farmers within that state to

abide by prescribed production regulations, enforceable by police and tax powers. A neighbor state does the same thing, the two join with a third, and so on until the principal tobacco-growing area is bound up in a series of state control laws and interstate agreements.

Thereupon the federal government

comes in as adviser and defrayer of expenses for the group, and the same result of completely controlled production is achieved as was achieved under the old Kerr-Smith Tobacco Act.

The opposition to the first of the "little AAA's" was noisy and bitter, but the bill passed the House and has already been recommended to the Senate by the Senate agricultural committee. Virginia has completed its legislation, South Carolina is working out a duplicate law, and North Carolina is getting ready.

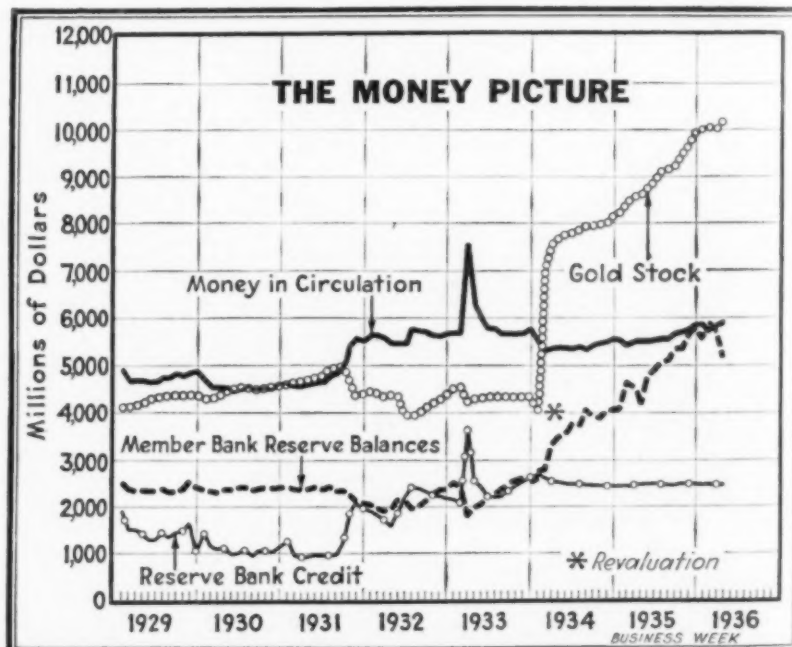
## Georgia May Hold Out

There is one hitch. Georgia is also a leading flue-cured producer, and Georgia's governor is that vehement anti-New Dealer, Eugene Talmadge, who will not summon the legislature to revive AAA in state compact form.

The Administration's agricultural chiefs think they have an answer to Talmadge. With its eye on Georgia, the House wrote into the new Kerr bill a provision allowing the Department of Agriculture to make loans to Georgia tobacco producers for the purpose of forming production control associations. Thus a tie-in might be worked regardless of state laws.

The opponents of the bill are crying "unconstitutional," but the main opposition anchor is the demonstrated psychological fact that states usually don't get along very well together.

But the Kerr proponents scorn that human defect. They heartily believe that their program will succeed in binding tobacco producers to compulsory production control, and that once the state compact idea has displayed success, there will be an extension of "little AAA's" into other crops.



# Money and the Markets

**Spring fever suspected as financing rests on oars. Brookings report on cotton shows cost of AAA plan; stocks fall off plateau, fast but not far.**

TEMPERATURE of the financial week was about normal, or perhaps slightly lower. Money and market circles ran into a slightly acid condition which was diagnosed as something a good deal less than serious, and it may have been, after all, merely a dose of spring fever.

President Roosevelt's Baltimore remarks, where they touched upon economic affairs, did not brighten any financial spirits, but the money and security people are fairly complacent these days. They know that there is an easy money and rising business antidote on the shelf to cure minor troubles.

The French franc looks less and less secure, but the fading of its chances for avoiding devaluation is not abrupt and the most pessimistic still are not talking about trouble before the elections later this month. Martial gestures occupy a shifting place in the news, but finances here have long since demonstrated a good deal of resistance to the war influence.

In new financing quarters there was a general willingness to rest on last week's laurels. New securities in fairly abundant quantities were available, but nothing to approach the gala proportions of the preceding week. Easy spots in the listed bond markets also helped to keep the new security markets quiet.

## Cotton Curtailment Costly

Cotton farmers of the country, or their heirs, will pay something more than they got from the government in benefit payments before the AAA cotton curtailment and loan program is finally washed up and hung out. This is the conclusion of the Brookings Institution, in its sixth study of crops which AAA used to control.

The surmise is not new, but probably no one else has used up 389 pages in one blast to state and substantiate the

conclusion. The Brookings study points to a very definite loss of foreign markets as a result of the AAA price-boosting cotton policy. This, it is asserted, will take a considerable period to repair and during that time the American farmer will continually be selling at a lower price than he would have obtained if expansion in foreign cotton growing had not been encouraged. Brookings also decries the losses in domestic consumption as a result of the cotton loan policies.

## Market Skid Analyzed

The stock market fell off its latest and highest recovery plateau early in the week. The skid, which was not vicious but about as severe a one as the market has seen in recent weeks, was one of those things that make the market-letter writers fall back on vague generalities. Some thought President Roosevelt had upset the market feelings in his Baltimore speech. Some thought that the arrival of income-tax day in New York State (where the tax is a real sweater) had taken enough money out of brokerage accounts to create weakness. Some decided that the selling was just a plain case of the technical laundering which the market has to

have every so often, particularly after more than a year of advance.

It is true that the market has been a little sluggish lately, also that irritations like the Douglas Aircraft decline have been frequent enough to command attention. To the long-sighted members of the trade these manifestations are of consequence only in relation to the immediate future, and such traders are quite sympathetic with the phenomena. They are inclined to leave the fretting about day-to-day doings to the short-pull speculators, and to keep their minds on what they consider the main business, which is the outlook for a long period of easy money ahead.

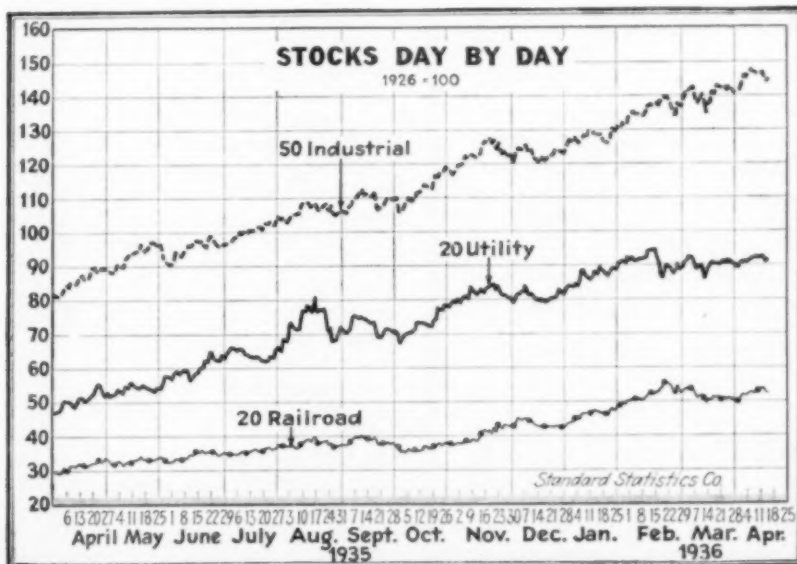
## Automobile Insurance Climbs

According to the National Underwriter, which has gone to the trouble of tabulating last year's statistics, 1935 was a bumper year for automobile insurance. Premiums for all companies increased 11.7%, a jump in dollar value of about \$50,000,000 compared with 1934.

Stock casualty companies increased their business over the previous year by 3.7% and handled nearly half of the aggregate premium volume. Stock fire companies had a gain of 27.7% and handled about one-fifth of all business. Mutuals, with a 14% gain, handled a little less than the stock fire companies. Full coverage stock companies jumped 21.1%, and their share of the total was about one-twelfth. Reciprocals and Lloyd's handled the balance of the insurance written, and their increase over the preceding year was 11.2%.

## Wheat—and Weather

For the last three years the early spring government crop reports on winter wheat have been issued with a notation that "corollary weather studies" were included in compounding the estimates of production. This year the



corollary weather studies evidently called for adverse Southwest growing conditions for the remainder of the season, since last week's report was 30,000,000 bushels below the estimates of the private reports issued a few days prior.

Thus far the weather dope has run true to form. The Southwest has been dry and warm recently and the gloomy grain market found that the bullish quivers initiated by last week's government estimate were strong enough to carry over for several days. There is no profound change in the trade's belief that the spring wheat crop can still whip the bulls, nevertheless the pessimists are developing a little respect for the declining winter wheat prospects.

Spring wheat continues to promise sizable production, but if anything happens from here on, or if winter wheat gets worse instead of better, the bogey of returning surpluses will be substantially diminished and Secretary Wallace won't have to keep up the barrage of ominous warnings he has been indulging in order to keep farmers from getting into too optimistic a frame of mind.

### Unified Chicago Traction

Chicagoans and holders of securities of the Chicago street-car companies sense a kill ahead in the 10-year hunt for a solution of the local transportation problem. The chase has followed a tortuous course from court to court, reorganization committee to reorganization committee, in and out of the state legislature, and repeatedly through the city council chamber.

The task has outlived four of the receivers originally named back in 1927 when the termination of the old street-

car franchise precipitated this latest series of Chicago traction squabbles. Two earlier and more ambitious plans collapsed on the verge of completion.

Samuel Insull sponsored the first plan which contemplated consolidation of his elevated lines with the surface lines and included a start on a subway system, the latter to be built by the city but operated by the unified transportation company.

It was declared operative early in 1931 but litigation prevented its becoming so, in fact, until the elevateds followed the surface companies into receivership, necessitating revisions, and the financial situation got too tough to permit the \$200,000,000 extension program entailed.

Walter L. Fisher, special adviser to Federal Judge Wilkerson during deliberations on the Insull plan, whipped up a modification of it which died because the city council called time. The council refused to extend further the offer of a special franchise ordinance under which unification was being attempted.

W. Rufus Abbott, former president of Illinois Bell Telephone, was the third and apparently successful reorganizer. Aided by a group of Chicago bankers and Bernard E. Sunney, also a retired telephone executive, he cut the problem down to one dealing only with surface lines.

All the lines have operated as a unit since 1914, although ownership has remained in separate companies. The major companies are the Chicago Railways Co.—the largest, operating the "loop," north, and west-side lines—Chicago City Railway Co., and Calumet and South Chicago Railway Co., operating south-side and suburban lines.



**FIGURE MAN**—H. E. Lewis, steel master who knows costs, has joined Samuel E. Hackett, master salesman, to form first team of outsiders ever to head up the giant family-owned Jones & Laughlin Steel Corp. Protégé of Charles M. Schwab, with Schwab ideas of handling workmen, Mr. Lewis becomes chairman of Jones & Laughlin as it launches a \$40,000,000 expansion program.

Capital stock of all but the Chicago Railways is owned by Chicago City and Connecting Railways Collateral Trust, and this has helped somewhat in reorganization by reducing slightly the variety of security holders who had to be satisfied.

Since Feb. 1, 1927, the lines have been without franchise, operating on a day-to-day permit. Bonds on all the lines have been past due since Feb. 1, 1927, but interest has been paid regularly on all the first mortgages. There have been part payments on principal of all the first mortgages; 25% on those of Chicago Railways, 35% on those of Calumet and South Chicago, and 15% on those of Chicago City Railways.

Holders of junior securities have received nothing on interest or principal in nine years.

The Abbott plan is to take care of this anomalous situation on both securities and franchise. It contemplates a new Chicago Surface Lines, Inc., that will exchange new bonds dollar for dollar for first-mortgage bonds of the old companies, and divide preferred and common stock between holders of other securities.

Declared operative upon approval of big majorities of all security groups, although opposed by a few potent minorities, the plan calls next for sale of the old companies out of bankruptcy and transfer of their properties to the new one.

Later, perhaps, will come unification of elevateds and the long-sought subway.

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## Editorially Speaking—

DR. O. G. HARNE of the University of Maryland says liquor doesn't appreciably outrage the liver. This will be bad news for some men, who have had nothing important they could point to as a result of their own efforts except cirrhosis of the liver, and if they are to be robbed of the credit for that proud affliction, what is there left for the poor fellows to brag about?

WHAT interests us about the girl who won out over 59 applicants for the job of nudist stenographer at a nudist colony on Lake Thonotossa, Fla., isn't the fact that she's an experienced nudist, with an honorable record of residence in another nudist colony. No, what interests us is the fact that she was recommended for the job by the Federal Re-employment Service.

"COMRADES!" says Mussolini when beginning a speech to the councils of the 22 government "corporations," which are his agencies for managing all business.

Comrade is the orthodox Socialist greeting, and it comes naturally to Mussolini, as an old Socialist who deviated into Fascism because that was his road to power, and who is now deviating back into Socialism because that is what Fascism inevitably leads to.

It leads to it, however, by the path of violence, which exactly suits Mussolini's temperament. Like most Fascist leaders, in Italy, Germany, and elsewhere, he has a pathological desire to assert his manliness by destruction and bloodshed. In 1920 the workers in the Fiat plant in Milan seized it and tried to run it. Mussolini, who was then the editor of a radical Milan newspaper, praised their action but had one kick: there wasn't enough violence. "What we need," he said, "is a bath of blood."

PEOPLE are already shaking their heads and saying it's a great burden of responsibility that has fallen on Edward VIII, and how tough it is to be a king. They've been saying this kind of thing a long time. About a century and three-quarters ago Sam Johnson remarked over a few bumpers: "You hear people talking how miserable a king must be; and yet they all wish to be in his place." They still wish it; that's why Huey Long came out with his persuasive slogan, "Every man a king."

SOMEONE at the table said kings must be unhappy because they have no easy social life. "That is an ill-founded notion," Johnson answered. "Being a king does not exclude a man from such society. Great kings have always been social. The king of Prussia, the only

great king at present, is very social. Charles II, the last king of England who was a man of parts, was social; and our Henrys and Edwards were all social."

There has been no Henry on the British throne since Johnson spoke; but there have been two Edwards—the new king and his grandfather—and they've both managed to have a good time.

THE Gentleman on the Picture Desk came in just now with a scowl and a copy of the *University Daily Kansan*.

"Look," he said. "They've put out a booklet giving the history of basketball at my alma mater, as I've ingeniously nicknamed it. And the university paper says the assistant director of publicity searched the files of the *University Weekly* and discovered—here, read it."

We read it: "—discovered that Jesse James, the notorious Kansas City train robber, played here in 1898 with the Kansas City Y.M.C.A. The account told that he played 'a very rough, and at times ungentlemanly, game, and frequently had to be reprimanded by the referee.'"

"Oh," we said.

"You know how Jesse James was killed? He was hiding out, under the alias of Thomas Howard, and one day he was hanging a picture on the wall and a fellow named Robert Ford shot him in the back. Remember the ballad?"

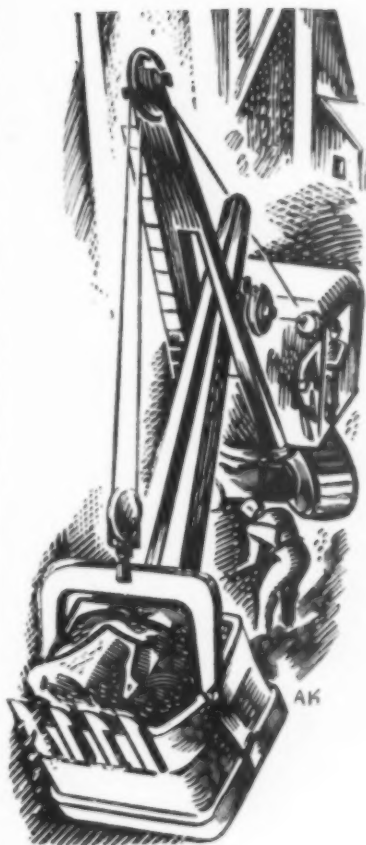
"Jesse James had a wife,  
She's a mourner all her life;  
His children they were brave;  
Oh, the dirty little coward  
That shot Mr. Howard  
Has laid poor Jesse in his grave."

"Yes; very noble," we said.

"Well, no wonder poor Jesse played a rough and at times ungentlemanly game of basketball against my alma mater in 1898, considering the condition he was in after the Kansas City Y. M. C. A. dug him out of the grave in which the dirty little coward who shot Mr. Howard had laid poor Jesse in 1882."

OUR office is practically crammed with Phi Beta Kappas, and all of them seem to be enfevered to the freezing point by the recent dispute about the proper fi-bait grip. What appears to be the official decision is presented as follows in the official journal, the *Key Reporter*: "Each member grasps with the little and ring fingers and the thumb of the right hand the first two fingers of the other member's right hand. When the hands come together with the fingers spread by twos, thus enabling the hands to straddle each other before mutually closing on the first two fingers, this handclasp will be found amazingly facile and fraternal."

So it's all settled and now the staff can go back to work.



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APRIL 18, 1936

## And Reason Panders Will

Seldom has President Roosevelt been in a more imaginative mood than he was the other evening in his speech at Baltimore. With bright poetic phrases he invited the youth of the nation to bubble and boil, sizzle and seethe. Each of them, apparently, is to be a human Vesuvius, erupting with ceaseless explosions and startling the old folks out of their bridgework.

After erupting for an indefinite time they will find themselves better off economically, with high wages, short hours, good health, clean amusement, a part in the satisfactions of the arts, the sciences, and religion, the certainty of retiring at 65 on a comfortable income, and the glorious memory of how, by boiling and bombinating, they reelected Mr. Roosevelt in November of 1936.

As if this rosy vision were not enough to exhilarate American youth, the President braced them up by citing the youthfulness of the illustrious dead. He began with the central figure of the New Testament—whose age, incidentally, is not a matter of historical record. He continued with the leaders of the American Revolution. That achievement, he declared, was the work of youth. The Tories were old and the old were Tories. "At the Revolution's outbreak George Washington was 43, Patrick Henry 38, Thomas Jefferson 32, and Alexander Hamilton 18." Calling the roll of these infants who practically fell out of their cradles to win American independence, Mr. Roosevelt must have groaned inwardly with secret shame at the weight of his 54 years.

The Constitution, too, was a product of youth; "the average of the men who wrote the Constitution was about 44." But young as they were, they showed vastly more conservatism than Mr. Roosevelt is satisfied with. We wonder what would have happened if Mr. Roosevelt, at the creaking age of 54, had appeared in Philadelphia to exhort Washington and Madison and Hamilton to follow him in a youth movement, on his present platform. What would they have done?

And what would Franklin have done? He was one of the committee who framed the Declaration of Independence, and he was a delegate to the Constitutional Convention at the age of 81. How does Mr. Roosevelt come to omit Franklin from his roll of Revolutionary leaders? Can it be

that Franklin was not young enough to fit Mr. Roosevelt's neat thesis of youth and Revolution, of age and Toryism?

Anyhow, what would they have done, Franklin and Washington and the others, if Mr. Roosevelt had argued before them for constitutional or other provisions enabling the government to coerce industry? How would they have answered if Mr. Roosevelt had urged industry to "undertake reasonable reductions of hours of work per week, while, at the same time, they keep the average individual's pay envelope at least as large as it is today"?

Would they not have answered that labor can only be paid out of production, and that if production is less the reward of labor will be less?

And if Mr. Roosevelt had told them that "flaming youth has become a flaming question," would they not have reminded him that he was taking his phrase from Shakespeare, who conceived of youth as flaming out in rebellion against the Seventh Commandment and not the United States Constitution, and that Shakespeare said it was impossible to blame youth for hot rebellion if a bad example were set by people of mature age (54, for example).

"Since frost itself as actively doth burn,  
And reason panders will."

## Collecting Taxes With a Blackjack

Small taxpayers are the main losers by the Treasury Department's present policy of pugnacious litigation and no compromise. Robert H. Jackson, formerly with the Bureau of Internal Revenue, is now an assistant attorney-general, and in that position is forcing every taxpayer to go to court unless he meekly pays what the government demands. Field agents of the bureau are saving their own skins

by refusing to give taxpayers the benefit of any doubt.

Large corporations can afford to fight the Treasury, but small corporations, partnerships, and individuals are generally intimidated by the legal expense. They know that if they win at the first hearing, the government will certainly appeal. This policy may produce more tax revenue, but it does so dishonestly — at the expense of small business men who are black-jacked by nuisance prosecutions.

## Cardenas, Calles, And Dictatorship

Former President Calles of Mexico is now eating the bitter fruit of his own absolutism. As President he was a dictatorial radical, of the Mussolini and Hitler type. His radicalism has been ascribed in part to the necessity of placating the labor unions and the peasants; at any rate he yielded much that the unions wanted, discriminated against foreign investments, and kept himself in favor with the people by flaming their nationalism. At the same time he himself prospered and his henchmen prospered with him.

After his own presidency ended he did not keep himself in office, Diaz-fashion, but nominally retired while continuing to hold the reins. He made Ortiz Rubio president in his place. Ortiz Rubio did not please him and had to resign soon. Calles put Rodriguez in to fill out Ortiz Rubio's term. Rodriguez was an able man but stayed under Calles' thumb. After Rodriguez, Calles put Cardenas into the presidency. Cardenas has proved a surprise: he managed to get real control by the same radical policy that Calles used a few years ago, and when Calles seemed to be preparing a Fascist revolt, Cardenas had sufficient confidence in his own strength to give Calles the same treatment he himself had given his own rivals: exile.

Comparatively speaking, Calles is now a conservative; but if he recovered power he would again be a dictator, and thus would again promote radicalism, either immediately or in the long run. If Mexico is to have a reasonable government, it must move gradually towards democracy, towards a government of laws and not of men.

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